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MAR 30 2007

PUBLIC SERVICE
COMMISSION

March 30, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Dear Ms. O'Donnell,

Pursuant to the Commission's Order of February 26, 2001 in Case No. 2000-429, Columbia Gas of Kentucky, Inc. hereby files its annual report for the Statistical Meter Testing Plan. An original and three copies are enclosed.

If you have any questions, please call me at (859) 288-0242. Thank you.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

1

**2007
Meter Sample Annual
Report**

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PUBLIC SERVICE
COMMISSION

COLUMBIA GAS OF KENTUCKY INC.

2006 METER SAMPLING ANNUAL REPORT

Columbia Gas of Kentucky completed the eleventh year of their meter-sampling program in December 2006.

A total of 4717 meters making up 34 homogenous groups were sampled in 2006. One failed sub-group from 2005 was removed and retired. Details are listed in the Evaluation of Data and Corrective Actions below.

In 2006 Columbia Gas of Kentucky service personnel made 42,249 visits to our customers' premises working orders that involved inspecting house lines and / or appliances. Columbia inspected 57,267 meter set assemblies in conjunction with the Customer Service Line Survey program.

No regulator failure in 2006 resulted in overpressure being delivered to the customer's piping.

Columbia continues to promote safety through:

- Press release May 18, 2006 regarding "Call before you Dig"
- Gaslines (monthly in-bill newsletter to all customers) Every month -- The "Welcome to CKY" insert includes summary information on maintenance of customer-owned buried gas lines and Kentucky Dig Safely. Other inserts through out the year cover a variety of topics, including Carbon Monoxide, meter tampering, odor of gas awareness such as what to do if you smell gas and gas line maintenance.
- Scratch and sniff billing insert
- Columbia Web Site includes
 - Safety tips
 - Operating tips for natural gas equipment

- **Link to Kentucky Dig Safely**
- **Speakers Request Form** where groups can request a speaker on safety
- **Ask Us form** where customers can email safety-related and other questions to Columbia
- **All previous issues of Gaslines**
- **All previous press releases**
- **Speakers Bureau**
 - **2/24/06 – Gas Safety presentation at Athens Elementary School**
- **Message on Hold**
 - **Customers waiting to speak with a customer service representative hear messages on a variety of topics, including Kentucky Dig Safely, Carbon Monoxide, how to recognize a gas leak and what to do, meter tampering and appliance safety.**
- **Advertising**
 - **Two safety ads were developed in late 2006 as part of Columbia Gas of Kentucky's RP1162 Public Awareness Program. The ads will run in 2007.**

Columbia Gas of Kentucky feels we are continuing to improve the quality of measurement provided to our customer through the meter-sampling program. In 2006 we improved the overall performance of meters removed for meter sampling. We have seen a 2.8% improvement of domestic meters that test within tolerance and a 5.3% improvement of large volume meters that test within tolerance since our meter sampling program began.

Evaluation of Data

- **A total of 4547 domestic meters making up 28 homogenous Control Groups were sampled in 2006.**
 - **Of the 4547 meters sampled 103 tested outside the required accuracy of +/- 2% and were classified a failed meter**
 - **2.3% of the domestic meters pulled for meter sampling failed**
 - **All 28 homogenous Control Groups passed the requirements of American National Standards Institute / American Society for Quality Control Z 1.4**
- **A total of 170 Large Volume meters making up 6 homogenous Control Groups were sampled in 2006.**
 - **Of the 170 meters sampled 3 tested outside the required accuracy of +/- 2% and were classified a failed meter**
 - **1.8% of Columbia Gas of Kentucky's Large Volume meters failed**
 - **All 6 Large Volume homogenous Control Groups passed the requirements of American National Standards Institute / American Society for Quality Control Z 1.4**

Failed Group

- In 2006 the sub-group KYRAMFL from Control Group RAM01, which failed in 2005, was removed and retired. The sub-group consists of 968 American AL 250's installed in 1985. Of the 968 changed, 146 or 15.1% failed the required accuracy of +/- 2%.

Aggressive Removal of Poor Performers

By removing subgroups from RAM01 we have improved the performance of that group by 6.4%, this group is now performing well within accepted tolerance. However, due to the past performance of this group we have elected to continue an aggressive removal program of this group. Columbia has made a decision to remove and retire a sub-group of 705 meters by the end of 2007.

The sub-group will consist of repaired American meters installed between 1981 & 1984.

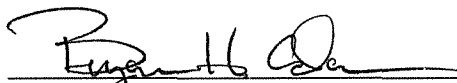
Corrective Action

- Sub group from failed Control Group RAM01 was removed from service and retired in 2006.
- Sub-group from poor performing, repaired American meters installed between 1981 & 1984 will be removed and retired by the end of 2007.
- Columbia Gas of Kentucky will continue to in-test and retire, when pulled from service, meters that have established a poor performance record though their group has not failed. In previous filings we have listed individual meters that are junked due to poor performance. We are now in-testing and junking all meters purchased prior to 1994. This eliminates a poor performing meters from being re- installed.

Regulator Failures

- **Columbia Gas of Kentucky had 11 regulator failures in 2006. Due to full internal relief of the regulator, none resulted in an overpressure situation for the customer.**
 - **8 regulators had gas leakage from the vent.**
 - **2 regulators would not adjust or lock up correctly.**
 - **1 regulator was leaking around the seal ring at the body / diaphragm connection.**

Should you have any questions contact Bryan Adams at (859) 288-0219.



Bryan H. Adams
Compliance Specialist
Columbia Gas of Kentucky

EXHIBIT A

IDENTIFICATION OF EACH CONTROL GROUP
OR METER FAMILIES

A five-character number identifies each Control Group or Family. 1-2-3-4-5

1 Identifies if Control Group or Family is new or repaired meters

N = New
R = Repaired

2-3 Identifies Meter Manufacturer

AM = American
RO = Rockwell
LA = Lancaster
SP = Sprague

4-5 Identifies the age of the Group or Family

Example – Identifier RAM01 indicates a Repaired American Meter. The 01 represents the oldest group of repaired American meters. A detail of the age of each group is found in Exhibit D & E.

Large Volume meters 500 – 1500 CFH follow the same format with a “B” in front of the identifier.

EXHIBIT B

**2006 COLUMBIA GAS OF KENTUCKY DOMESTIC
METER SAMPLING TEST RESULTS**

Page 1 & 2 of Exhibit B gives a summary of each Domestic (0 – 500 CFH) Family. Listed on page 1 & 2 of exhibit are:

- 1. Name of the Family Codes**
- 2. Total number of meters in that family on the customer's premises**
- 3. Total number of meters in that family required to be sampled**
- 4. Total number of meters sampled**
- 5. Total number of meters in-testing outside the required +/- 2%**
- 6. Total number of meters allowed to fail**
- 7. Passed/Failed Status of Meter Family**
- 8. Percentage of meters failed per Family**
- 9. Number of meters failed fast**
- 10. Number of meters failed slow**

Page 3 of Exhibit B identifies in graph form the percentages of meters within tolerance since Columbia Gas of Kentucky began sampling in 1996. This is a combined listing of all domestic meter groups.

Page 4 shows the test results of the 2005 failed family.

2006 COLUMBIA GAS OF KENTUCKY METER SAMPLING RESULTS

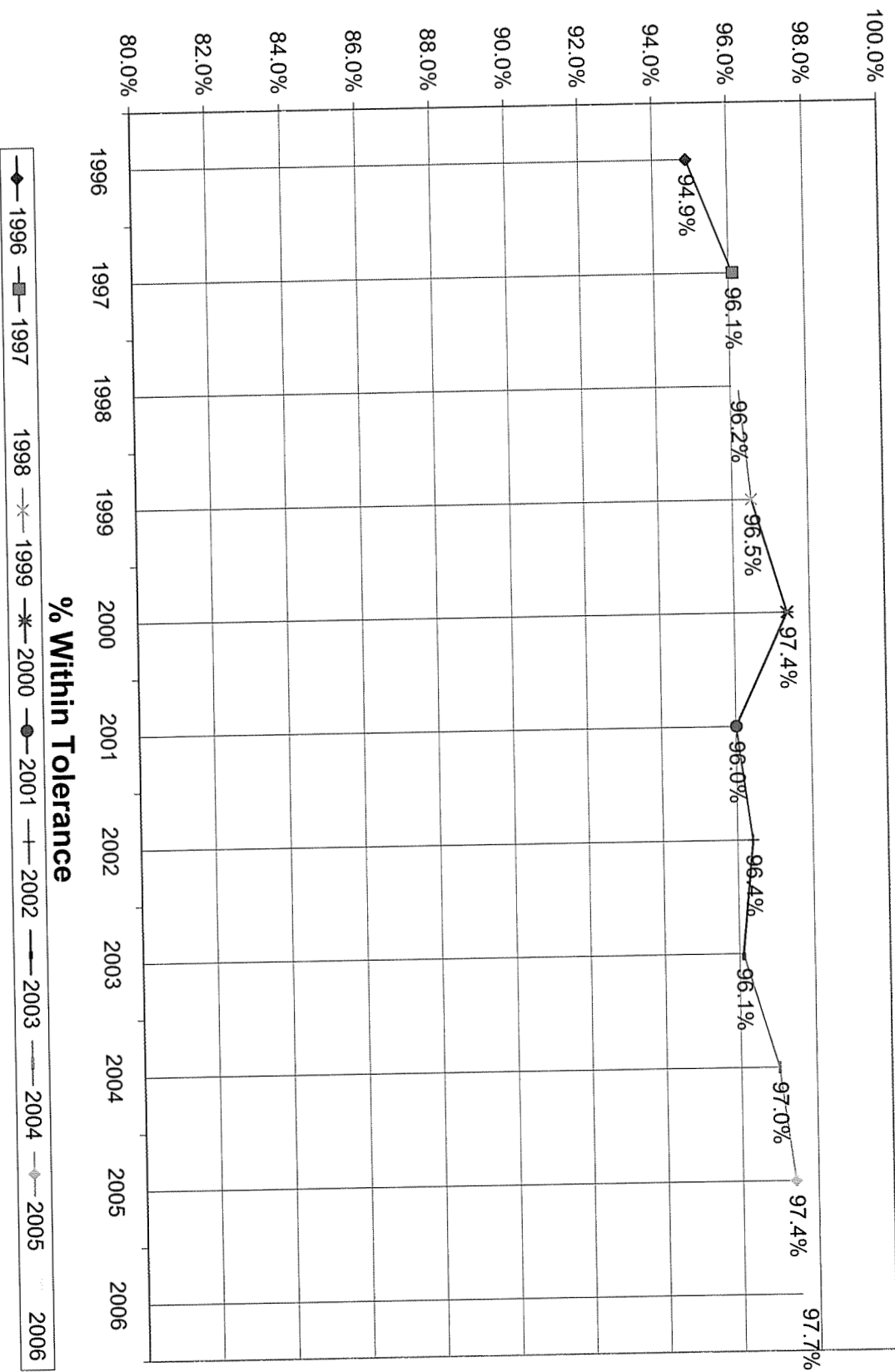
Samples taken between 2006-01-01 and 2006-12-31
"A" Class Meters 0-500 CFH

A. Class meters 0-300 Or 11										
FAMILY CODES	TOTAL MTRS. IN FAMILY	TOTAL MTRS REQ'D IN PROGRAM	TOTAL SAMPLED	TOTAL FAILED METERS	TOTAL REJECTS ALLOWABLE	2002 FAMILY STATUS	RATIO FAILED (d/c=g)	NUMBER FAILED FAST	NUMBER FAILED SLOW	
	(a)	(b)	(c)	(d)	(e)	(f)		(h)	(i)	
NAM01	2629	125	128	1	15	PASSED	0.8%	1	0	
NAM02	5716	200	201	2	22	PASSED	1.0%	1	1	
NAM03	4370	200	201	0	22	PASSED	0.0%	0	0	
NAM04	3473	200	201	1	22	PASSED	0.5%	0	1	
NAM05	1019	80	81	0	11	PASSED	0.0%	0	0	
NAM07	4507	200	204	0	22	PASSED	0.0%	0	0	
NAM08	4648	200	201	0	22	PASSED	0.0%	0	0	
NAM09	5420	200	201	0	22	PASSED	0.0%	0	0	
NLA01	1783	125	131	3	15	PASSED	2.3%	1	2	
NLA02	5163	200	207	3	22	PASSED	1.4%	1	2	
NLA03	1821	125	128	0	15	PASSED	0.0%	0	0	
NRO01	5746	200	202	7	22	PASSED	3.5%	7	0	
NRO02	9148	200	204	6	22	PASSED	2.9%	5	1	
NSP01	130	20	20	1	4	PASSED	5.0%	0	1	

Samples taken between 2006-01-01 and 2006-12-31
"A" Class Meters 0-500 CFH

FAMILY CODES	TOTAL MTRS. IN FAMILY	TOTAL MTRS REQ'D IN PROGRAM	TOTAL SAMPLED	TOTAL FAILED METERS	TOTAL REJECTS ALLOWABLE	2002 FAMILY STATUS	RATIO FAILED	NUMBER FAILED FAST	NUMBER FAILED SLOW
	(a)	(b)	(c)	(d)	(e)	(f)	(d/c=g)	(h)	(i)
NSP02	237	32	37	1	6	PASSED	2.7%	0	1
RAM01	2663	125	125	7	15	PASSED	5.6%	7	0
RAM02	2314	125	129	10	15	PASSED	7.8%	7	3
RAM03	2723	125	125	7	15	PASSED	5.6%	2	5
RAM04	6874	200	203	9	22	PASSED	4.4%	5	4
RAM05	4917	200	200	10	22	PASSED	5.0%	8	2
RAM06	6030	200	200	3	22	PASSED	1.5%	2	1
RLA03	3663	200	201	4	22	PASSED	2.0%	2	2
RRO01	5867	200	200	8	22	PASSED	4.0%	4	4
RRO02	6357	200	201	7	22	PASSED	3.5%	3	4
RRO03	4134	200	202	4	22	PASSED	2.0%	2	2
RRO04	3732	200	200	3	22	PASSED	1.5%	2	1
RSP01	5770	200	201	5	22	PASSED	2.5%	0	5
RSP02	88	13	13	1	3	PASSED	7.7%	0	1
TOTAL	110854	4495	4547	103	510		2.3%	60	43

Columbia Gas of Kentucky Inc. "A" Meter Program Overall Results



<p>2006 COLUMBIA GAS OF KENTUCKY FAILED FAMILY RESULTS</p>

Results of 2005 failed family changed in 2006

<u>FAMILY CODES</u>	<u>TOTAL MTRS. IN FAMILY</u>	<u>TOTAL REMOVED</u>	<u>TOTAL FAILED METERS</u>	<u>RATIO FAILED</u>
KYRAMFL	968	968	146	15.1%
TOTAL	968	968	146	15.1%

EXHIBIT C

**2006 COLUMBIA GAS OF KENTUCKY LARGE VOLUME
METER SAMPLING TEST RESULTS**

Page 1 of Exhibit C gives a summary of each Large Volume (500 - 1500 CFH) Family. Listed on page 1 of exhibit are:

- 1. Name of the Family Codes**
- 2. Total number of meters in that family on the customer's premises**
- 3. Total number of meters in that family required to be sampled**
- 4. Total number of meters sampled**
- 5. Total number of meters in-testing outside the required +/- 2%**
- 6. Total number of meters allowed to fail**
- 7. Passed/Failed Status of Meter Family**
- 8. Percentage of meters failed per Family**
- 9. Number of meters failed fast**
- 10. Number of meters failed slow**

Page 2 of Exhibit C identifies in graph form the percentages of meters within tolerance since Columbia Gas of Kentucky began sampling in 1996. This is a combined listing of all large volume groups.

2006 COLUMBIA GAS OF KENTUCKY METER SAMPLING RESULTS

Samples taken between 2006-01-01 and 2006-12-31
 "B" Class Meters 500 - 1500 CFH

FAMILY CODES	TOTAL		TOTAL MTRS REQ'D IN PROGRAM	TOTAL SAMPLED	TOTAL FAILED METERS	TOTAL REJECTS ALLOWABLE	2001 FAMILY STATUS	RATIO FAILED (d/c=g)	NUMBER	
	(a)	(b)		(c)	(d)	(e)			FAILED FAST	FAILED SLOW
BNAM01	290	32		32	0	6	PASSED	0.0%	0	0
BNRO01	35	8		8	0	2	PASSED	0.0%	0	0
BNSP01	50	8		8	0	2	PASSED	0.0%	0	0
BRAM01	723	80		80	2	11	PASSED	2.5%	1	1
BRRO01	246	32		32	1	6	PASSED	3.1%	0	1
BRSP01	48	8		10	0	2	PASSED	0.0%	0	0
TOTAL	1098	168		170	3	29		1.8%	1	2

Columbia Gas of Kentucky Inc. "B" Meter Program Overall Results

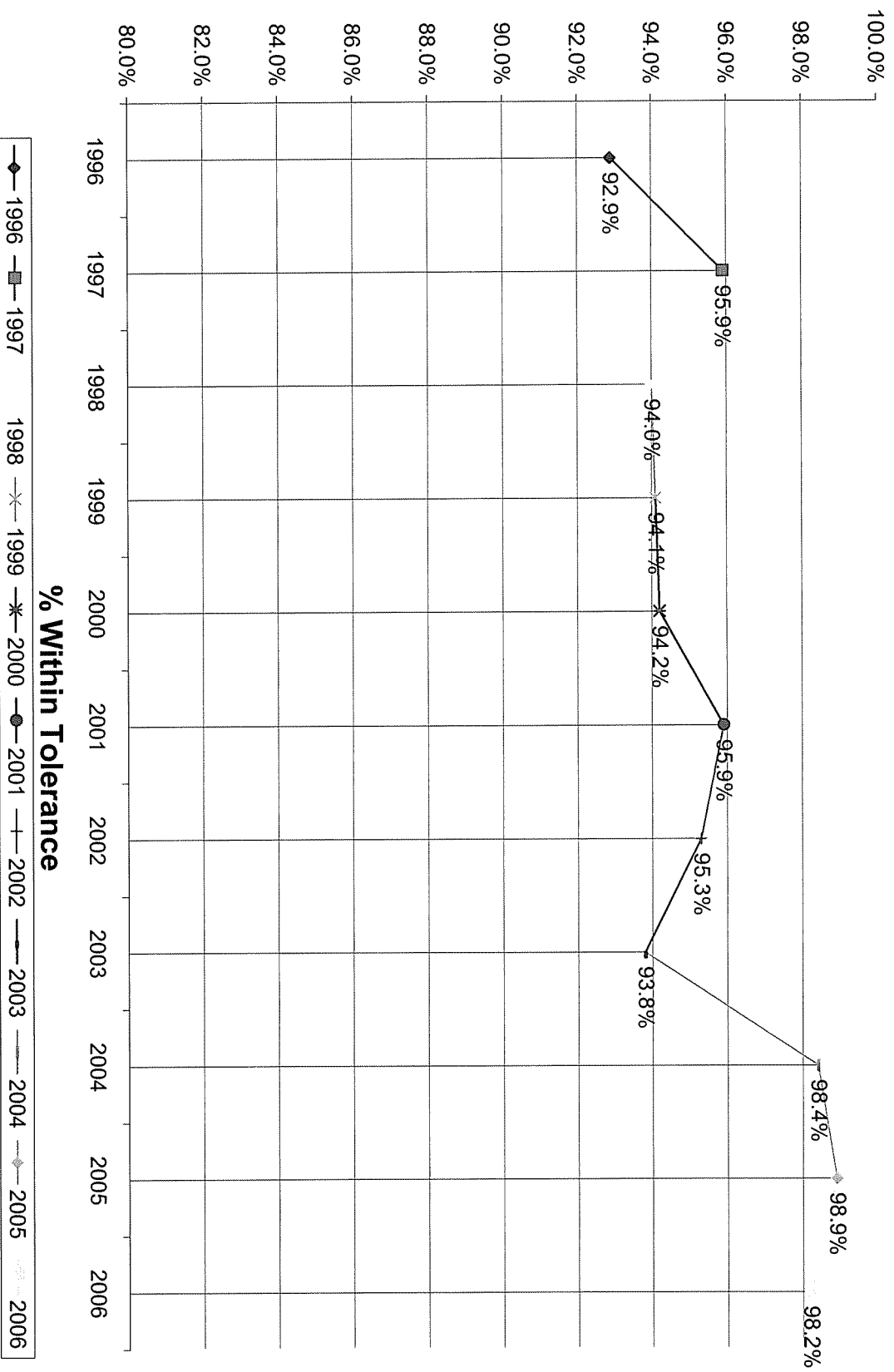


EXHIBIT D

PERCENTAGE OF DOMESTIC METER FAILURES
BY FAMILY

Exhibit D represents the percentage of meters sampled in 2006 that were within the +/- 2% rate. We also show the past years results of meter families sampled this year.

NAM01 = New American meters purchased between 1980 & 1990

NAM02 = New American meters purchased between 1991 & 1993

NAM03 = New American meters purchased in 1994

NAM04 = New American meters purchased in 1995

NAM05 = New American meters purchased in 1996

NAM07 = New American meters purchased in 2000

NAM08 = New American meters purchased in 2002

NAM09 = New American meters purchased in 2004

NLA01 = New Lancaster meters purchased in 1987

NLA02 = New Lancaster meters purchased in 1989 & 1990

NLA03 = New Lancaster meters purchased in 1992

NRO01 = New Rockwell meters purchased between 1983 & 1996

NRO02 = New Rockwell meters purchased in 1997 & 1998

NSP01 = New Sprague meters purchased between 1982 & 1984

NSP02 = New Sprague meters purchased in 1996 & 1997

RAM01 = Repaired American meters installed between 1981 & 1987

RAM02 = Repaired American meters installed in 1988 & 1989

RAM03 = Repaired American meters installed in 1990 & 1991

RAM04 = Repaired American meters installed between 1992 & 1994

RAM05 = Repaired American meters installed between 1995 & 1997

RAM06 = Repaired American meters installed in 1998, 2000, 2002 & 2004

RLA03 = Repaired Lancaster meters installed between 1993 & 2002

RRO01 = Repaired Rockwell meters installed between 1980 & 1989

RRO02 = Repaired Rockwell meters installed between 1990 & 1993

RRO03 = Repaired Rockwell meters installed in 1994 & 1997

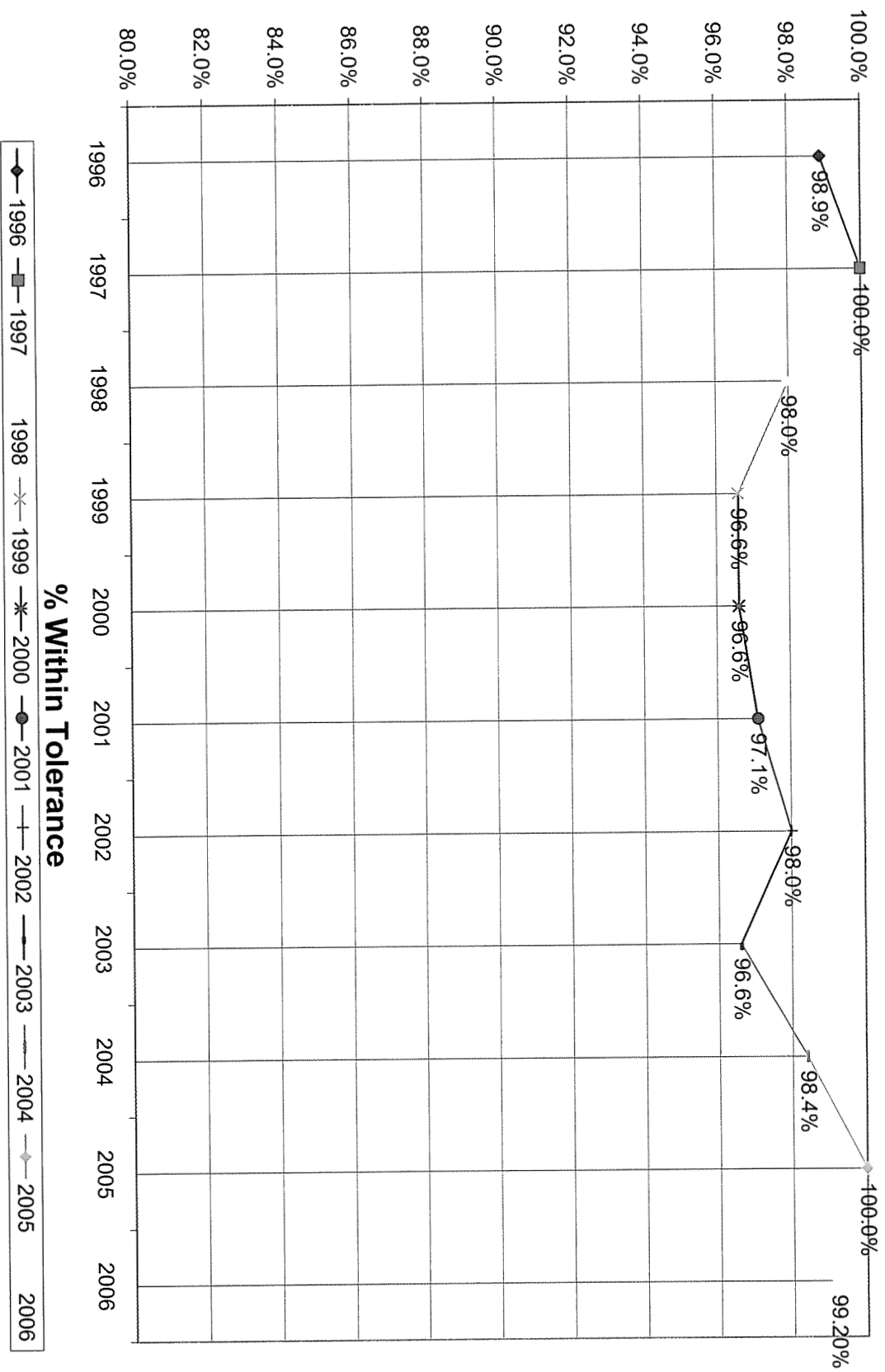
RRO04 = Repaired Rockwell meters installed in 1998, 2000, 2002 & 2004

RSP01 = Repaired Sprague meters installed between 1983 & 2004

RSP02 = Repaired Sprague meters installed in 2000, 2002 & 2004

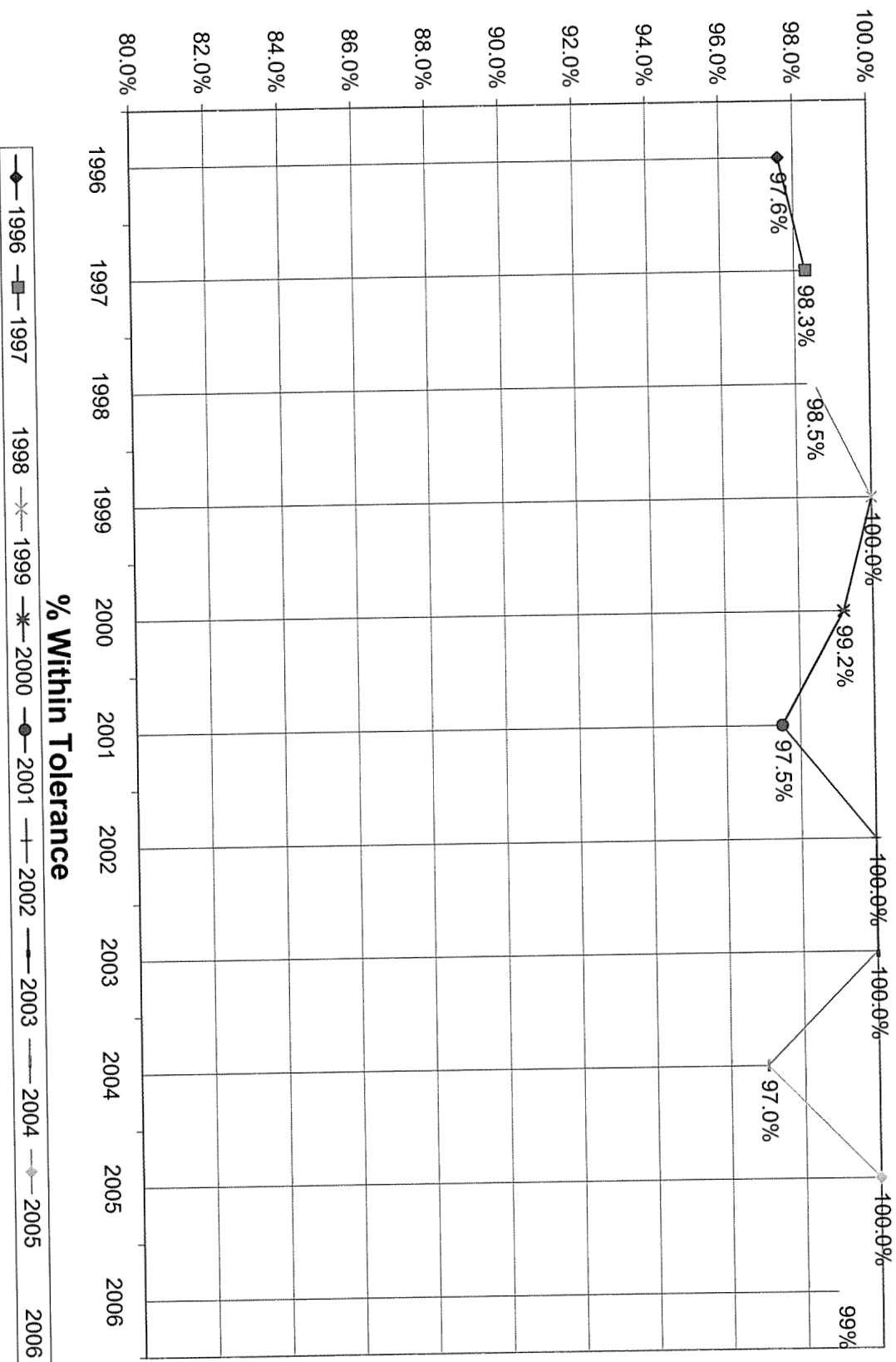
NAM01

Columbia Gas
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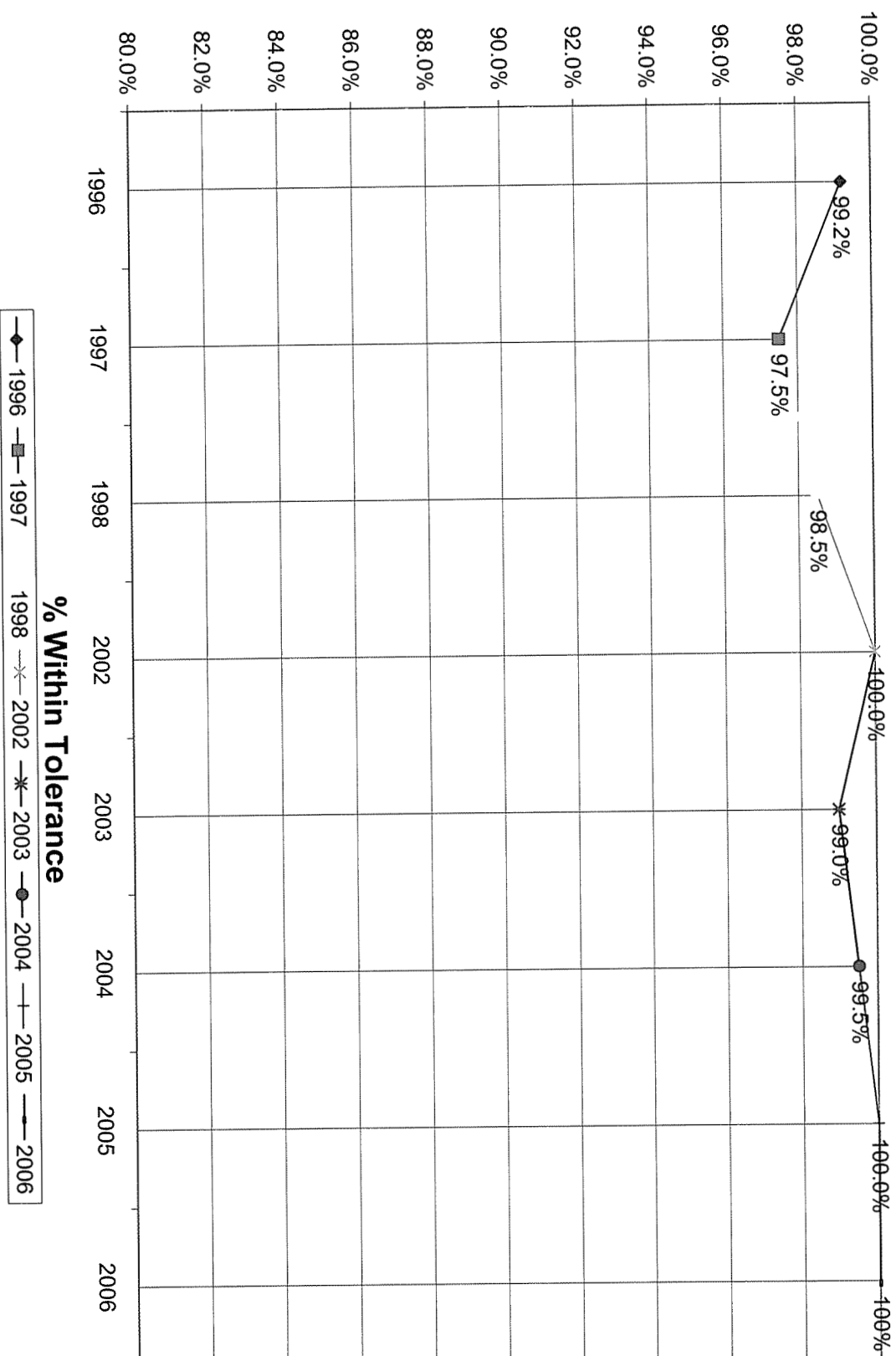
NAM02

Columbia Gas
of Kentucky

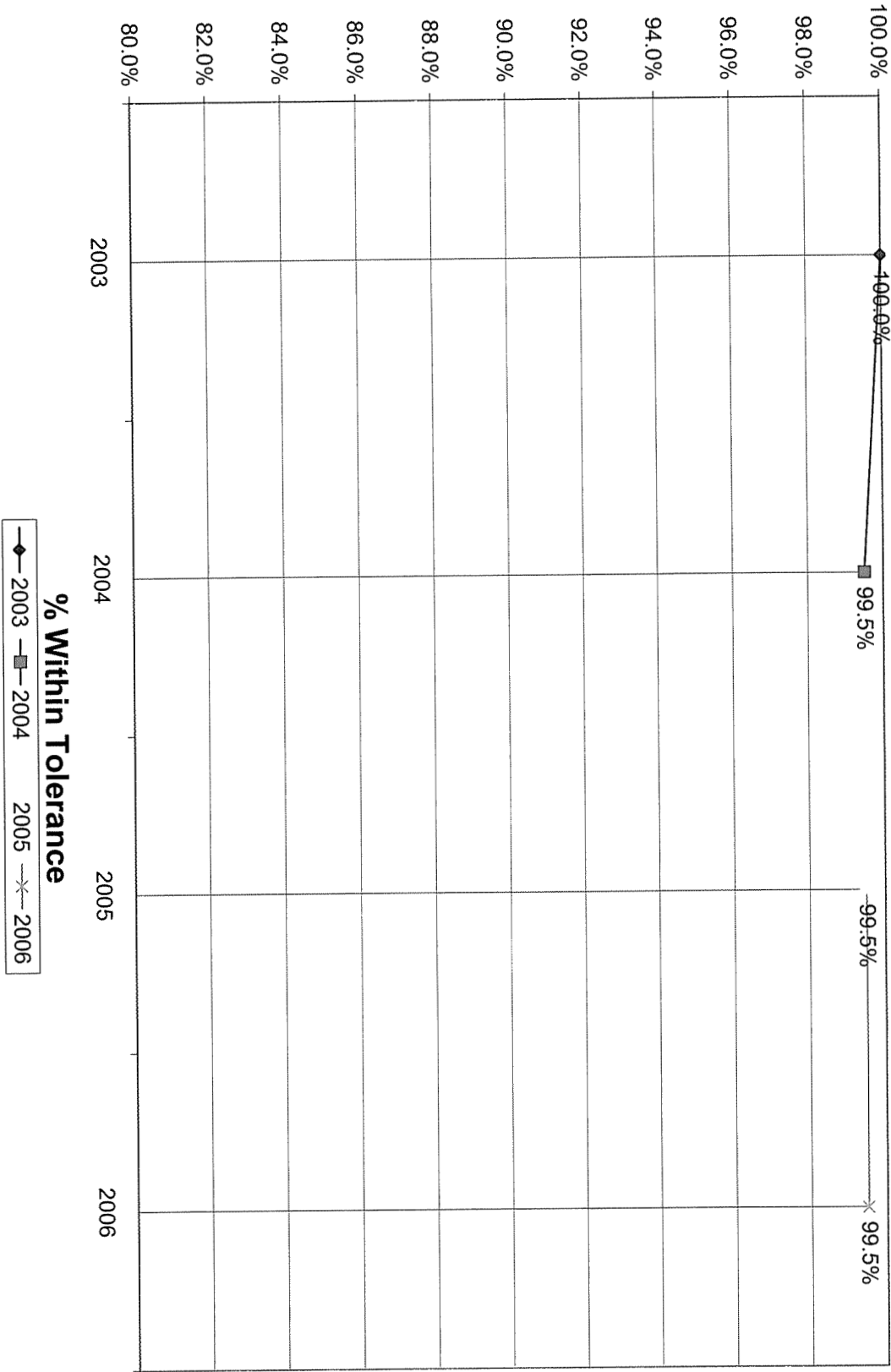


NAM03

Columbia Gas
of Kentucky

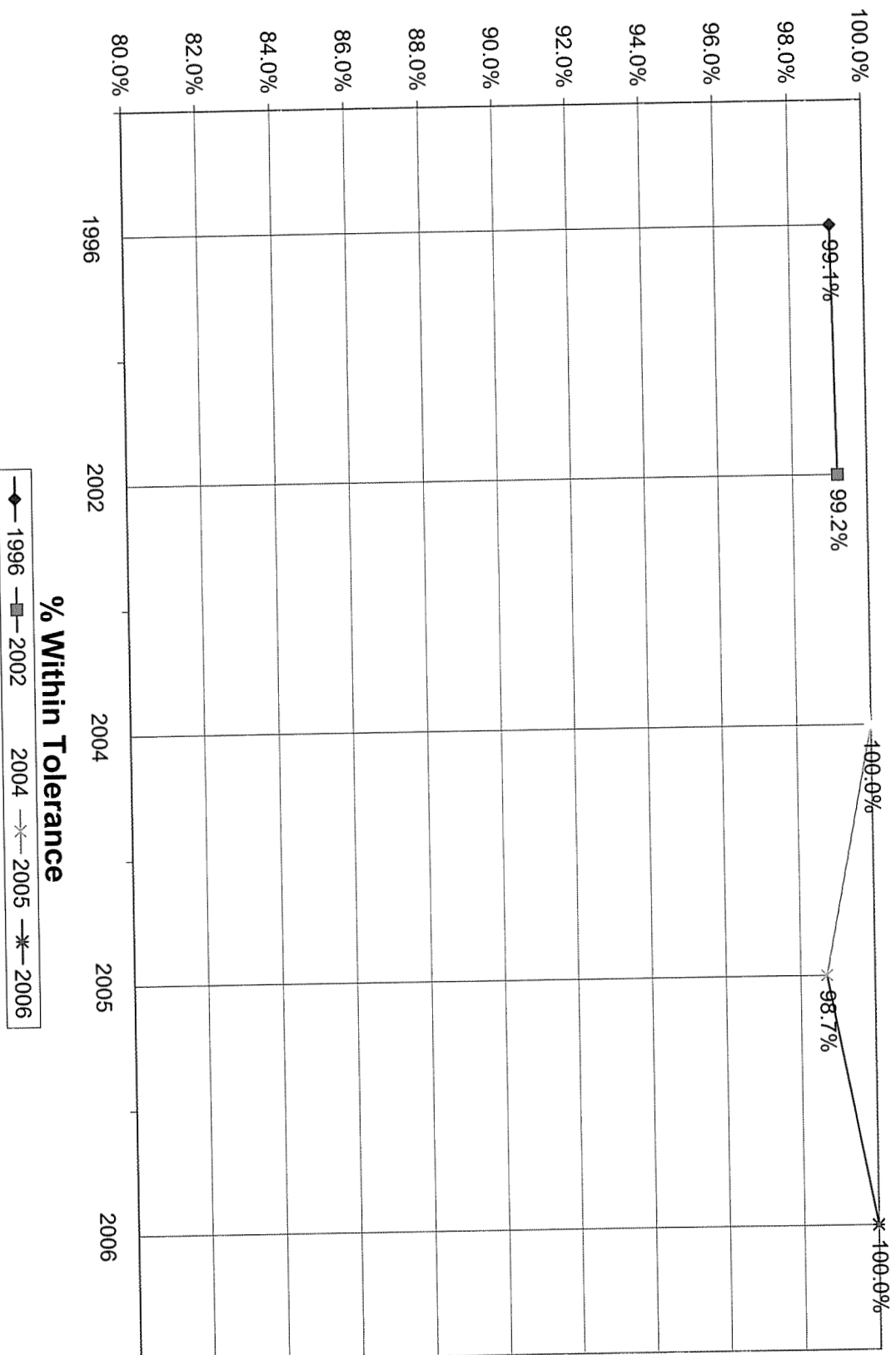


NAM04



NAM05

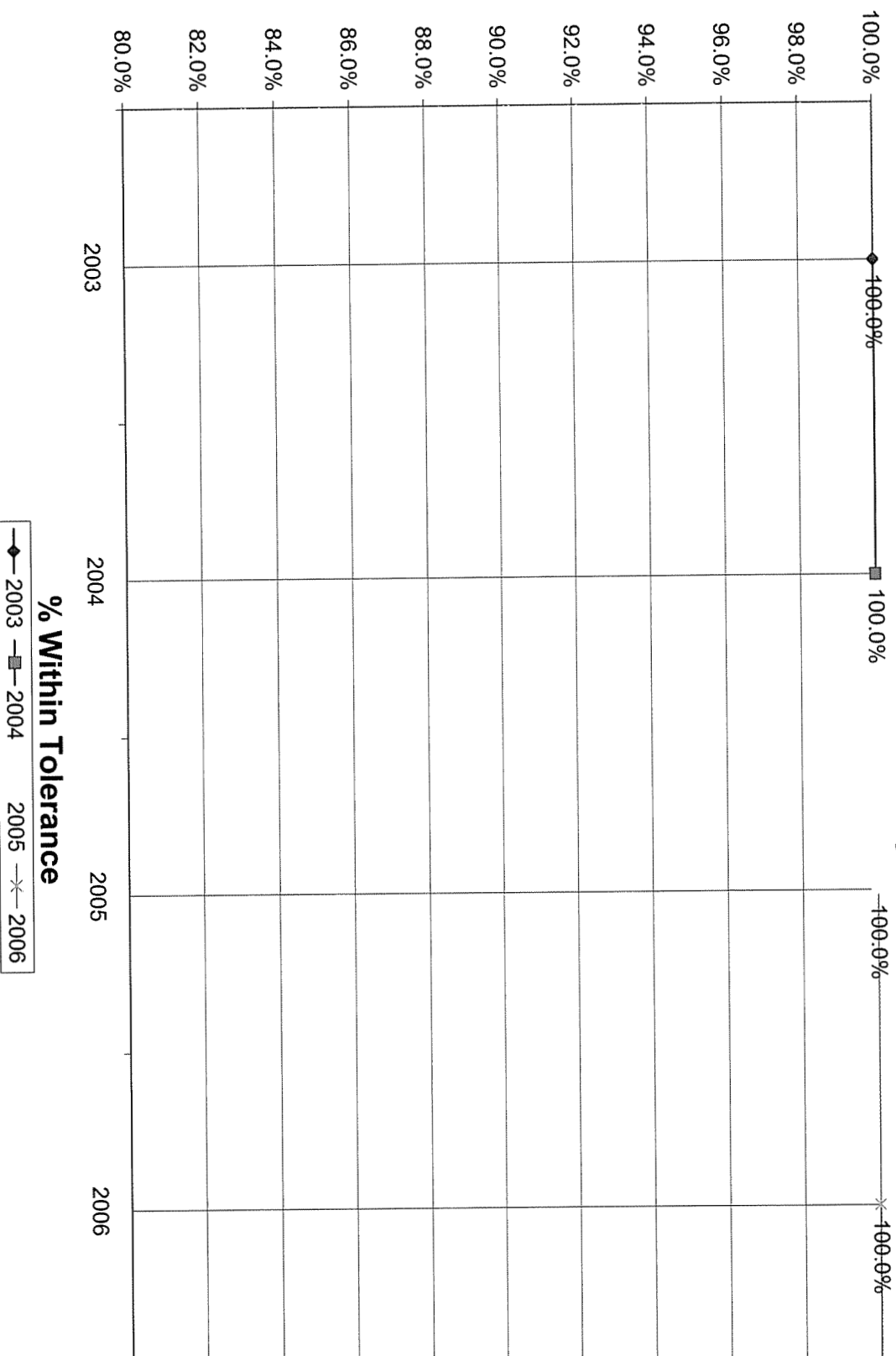
Columbia Gas[®]
of Kentucky



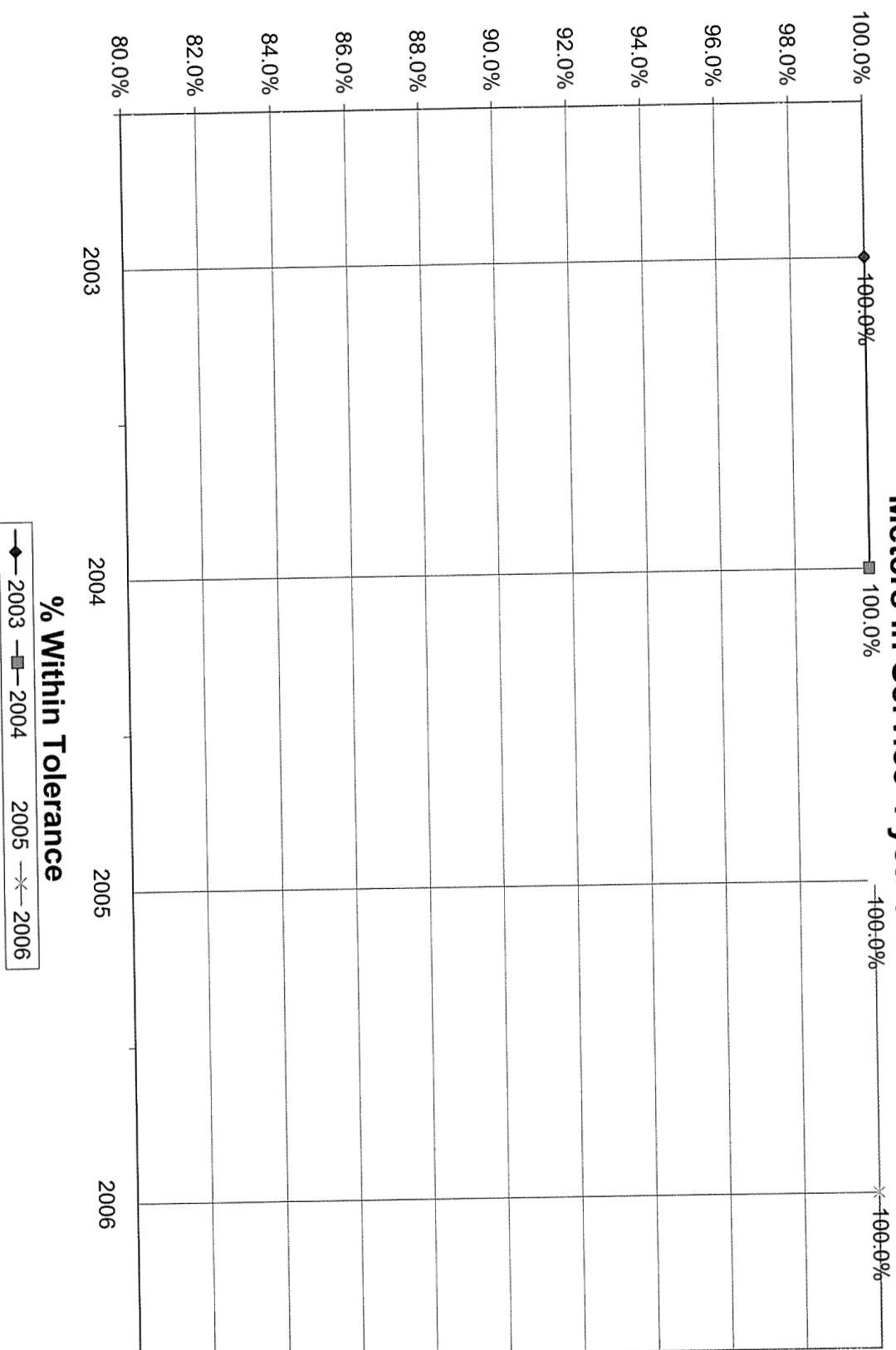
NAM07

Columbia Gas
of Kentucky

Meters in Service 6 years



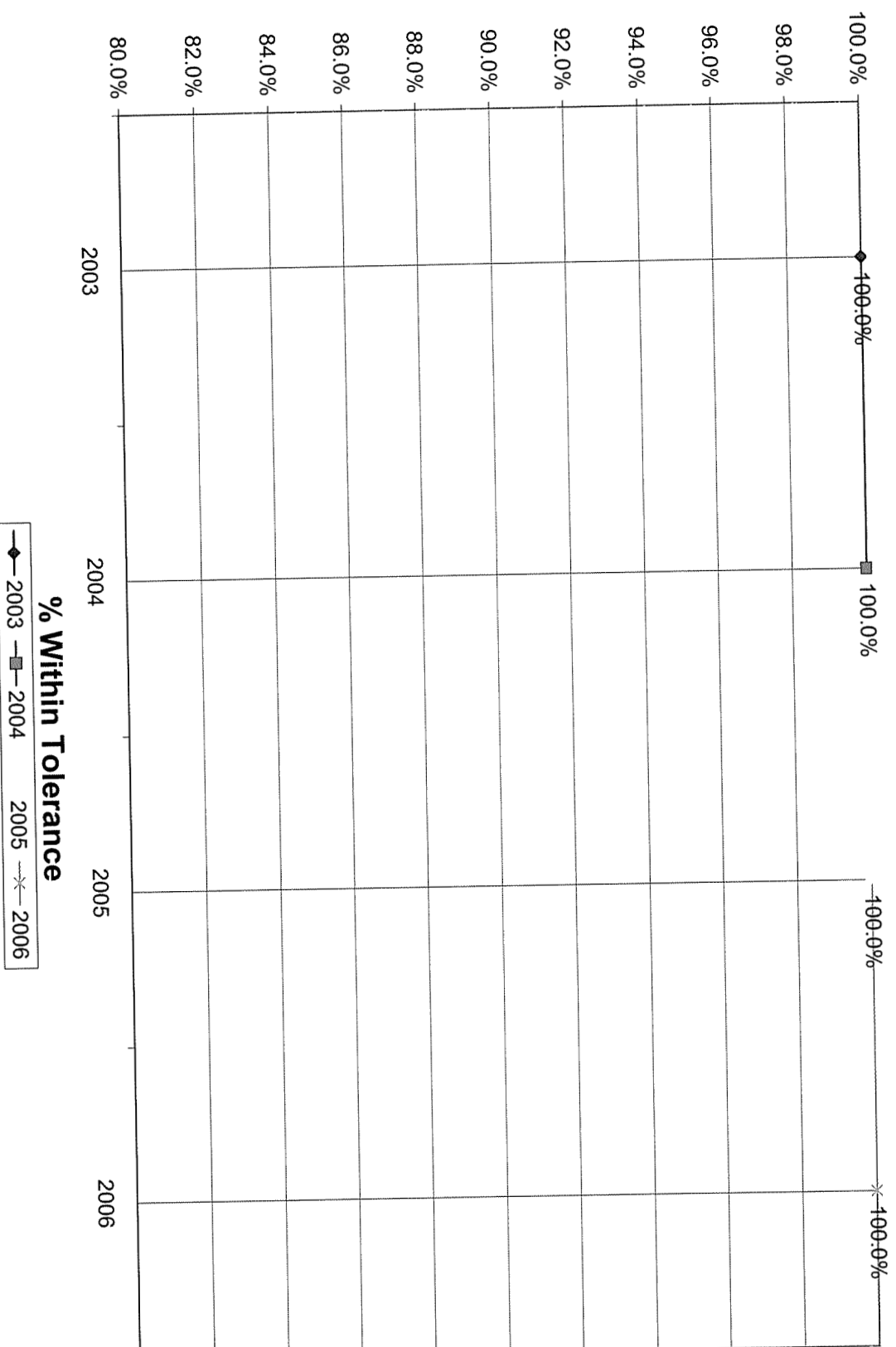
NAM08
Meters in Service 4 years



NAM09

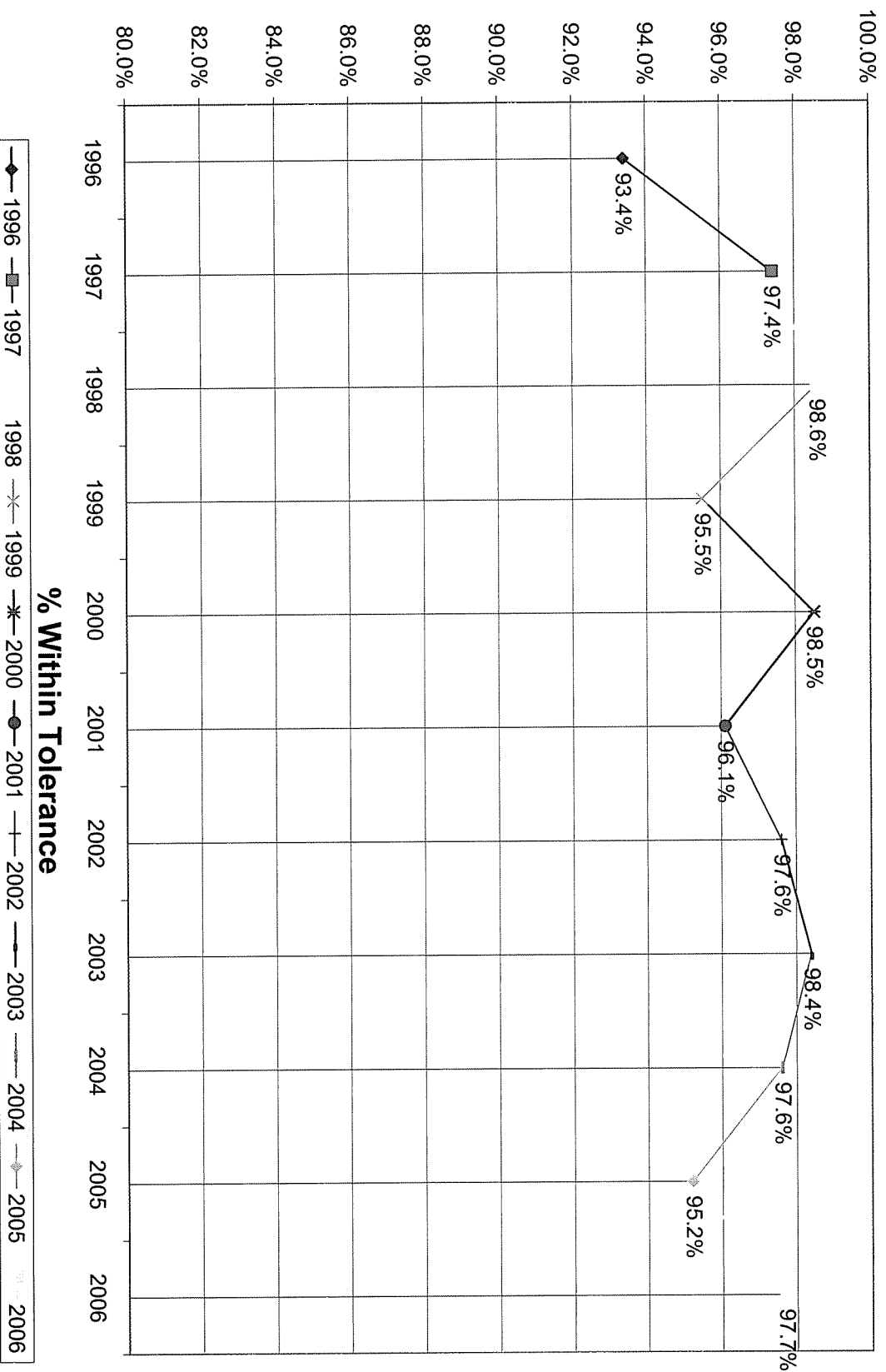
Columbia Gas
of Kentucky

Meters in Service 2 years



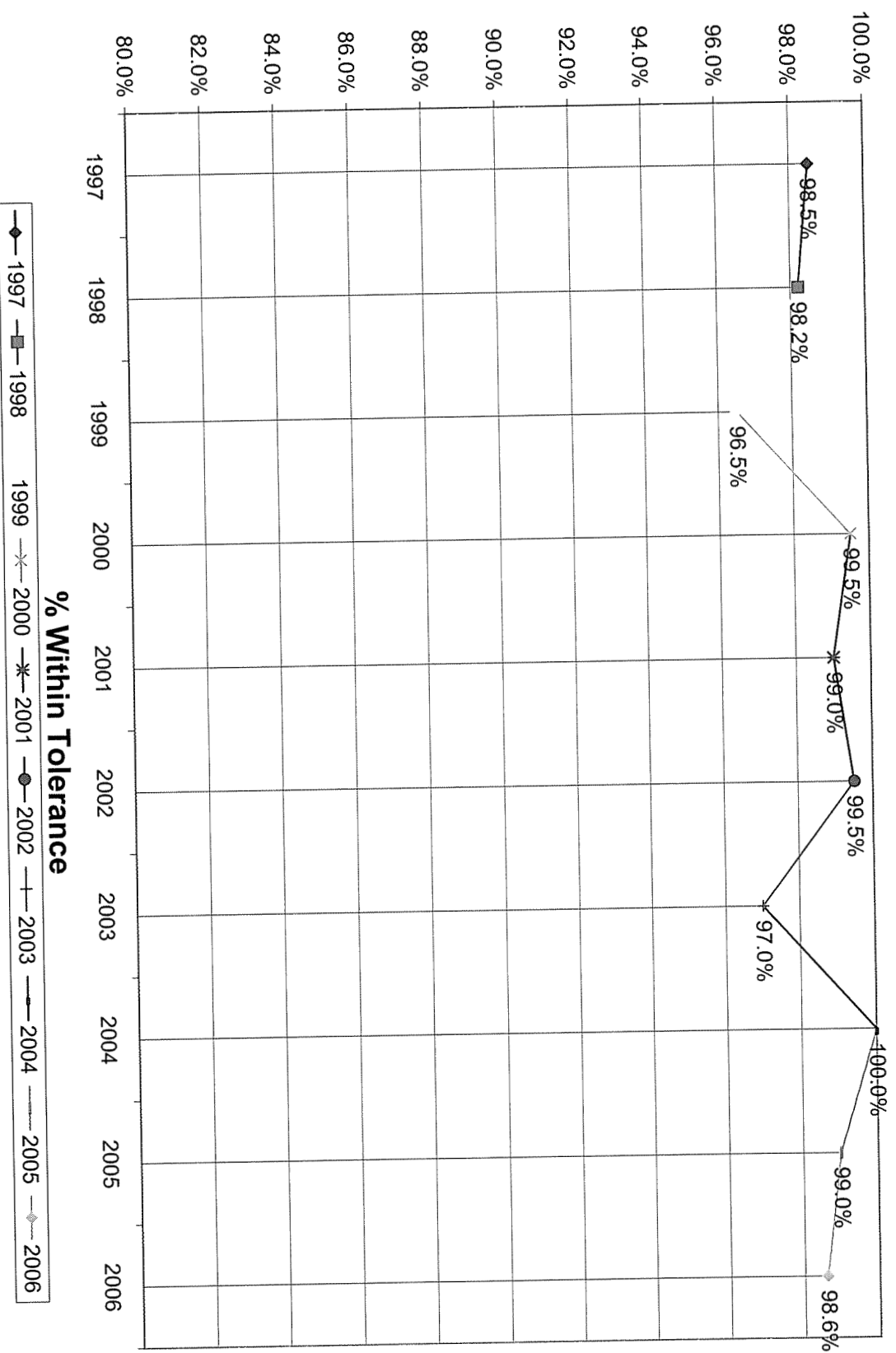
NLA01

Columbia Gas
of Kentucky



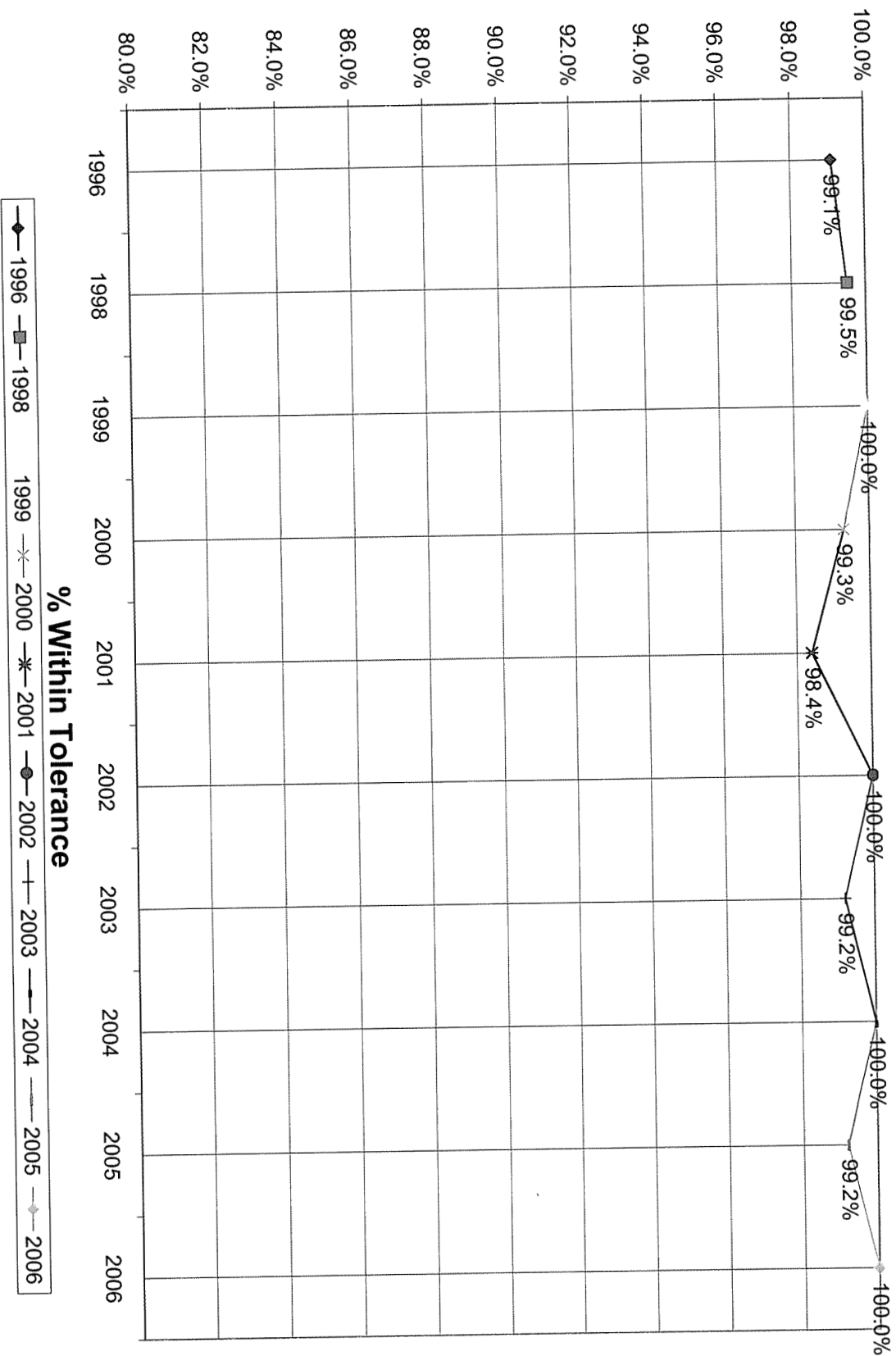
NLA02

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of Kentucky



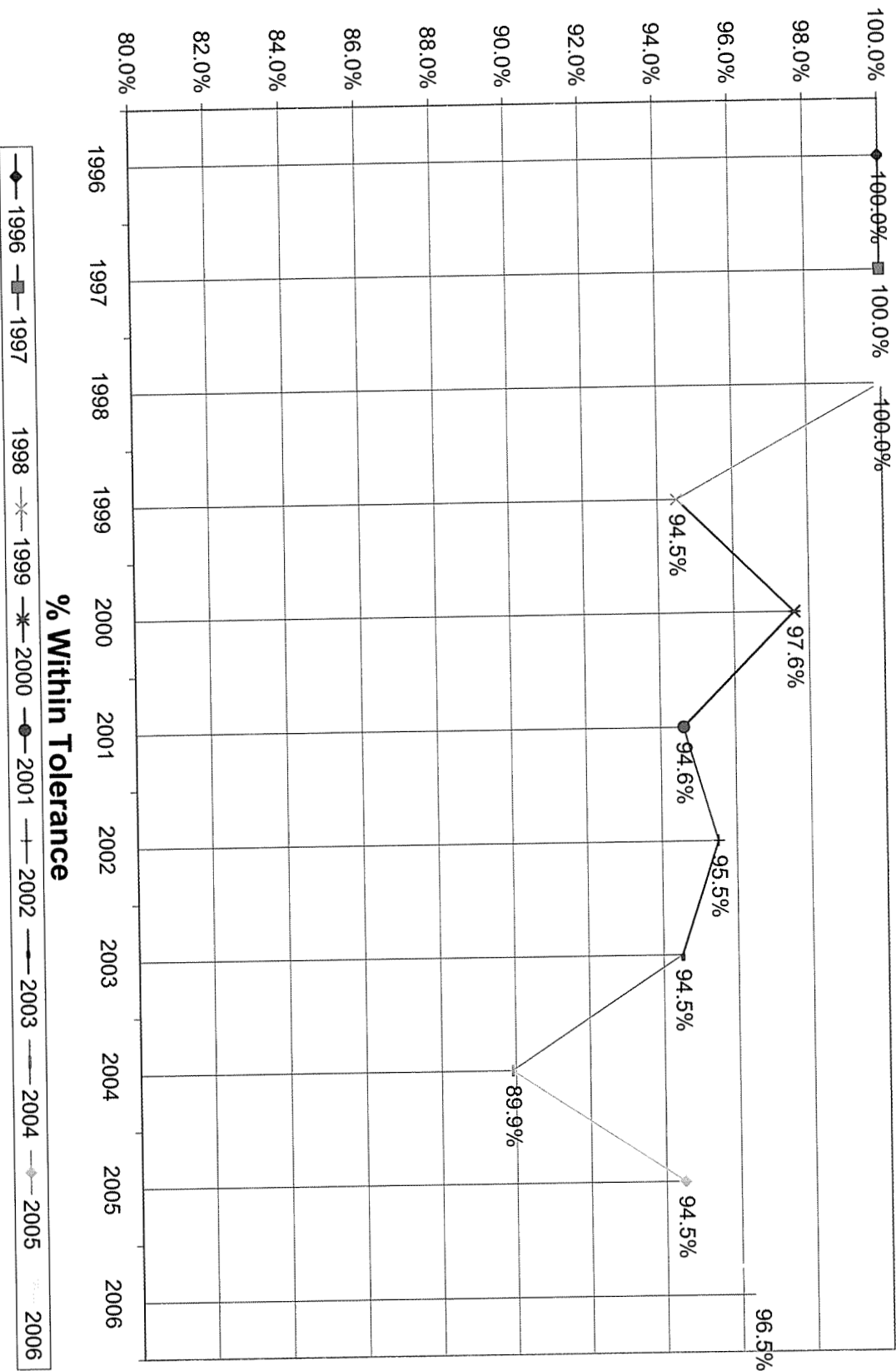
NLA03

Columbia Gas
of Kentucky



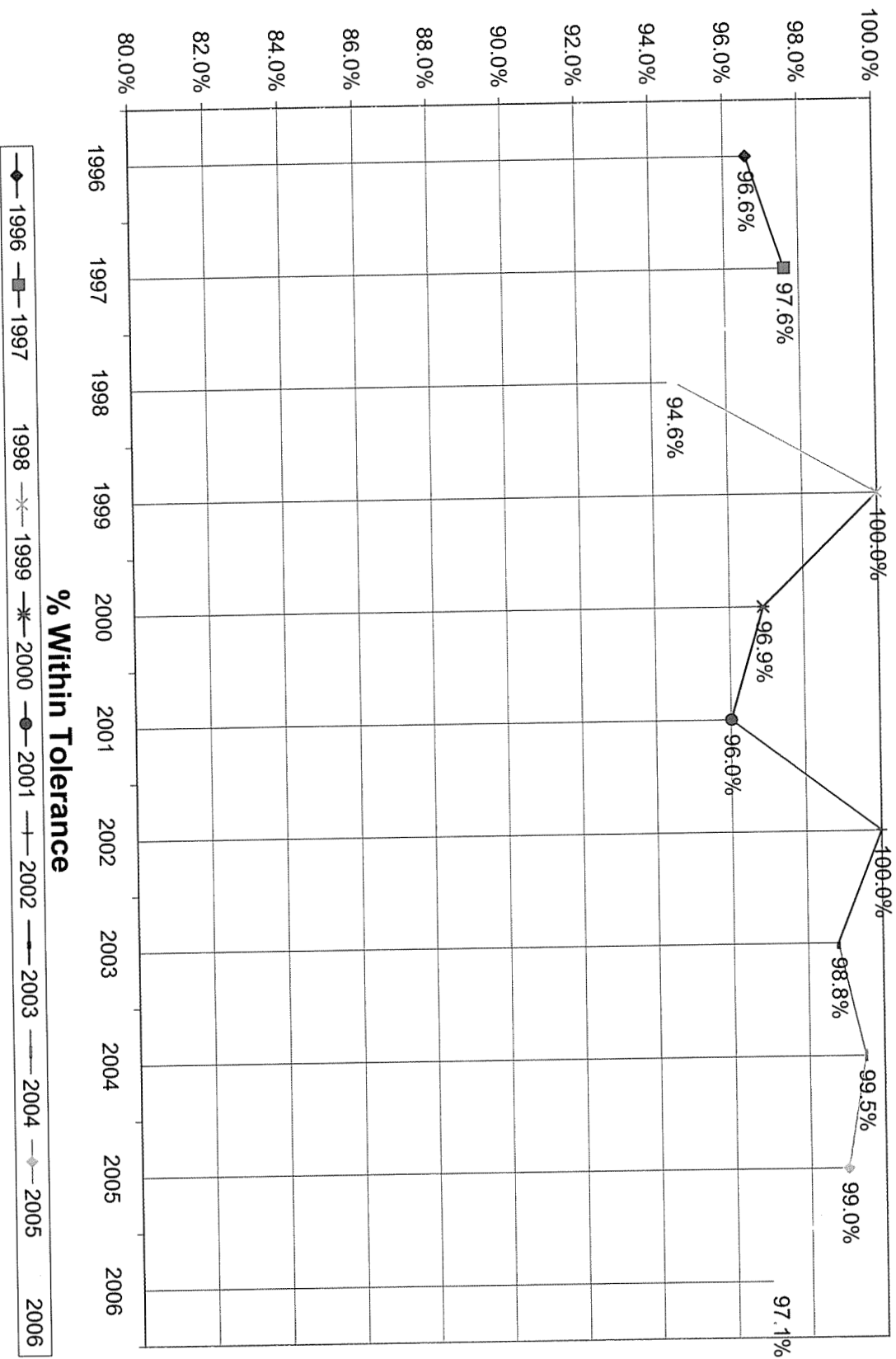
NRO01

Columbia Gas
of Kentucky



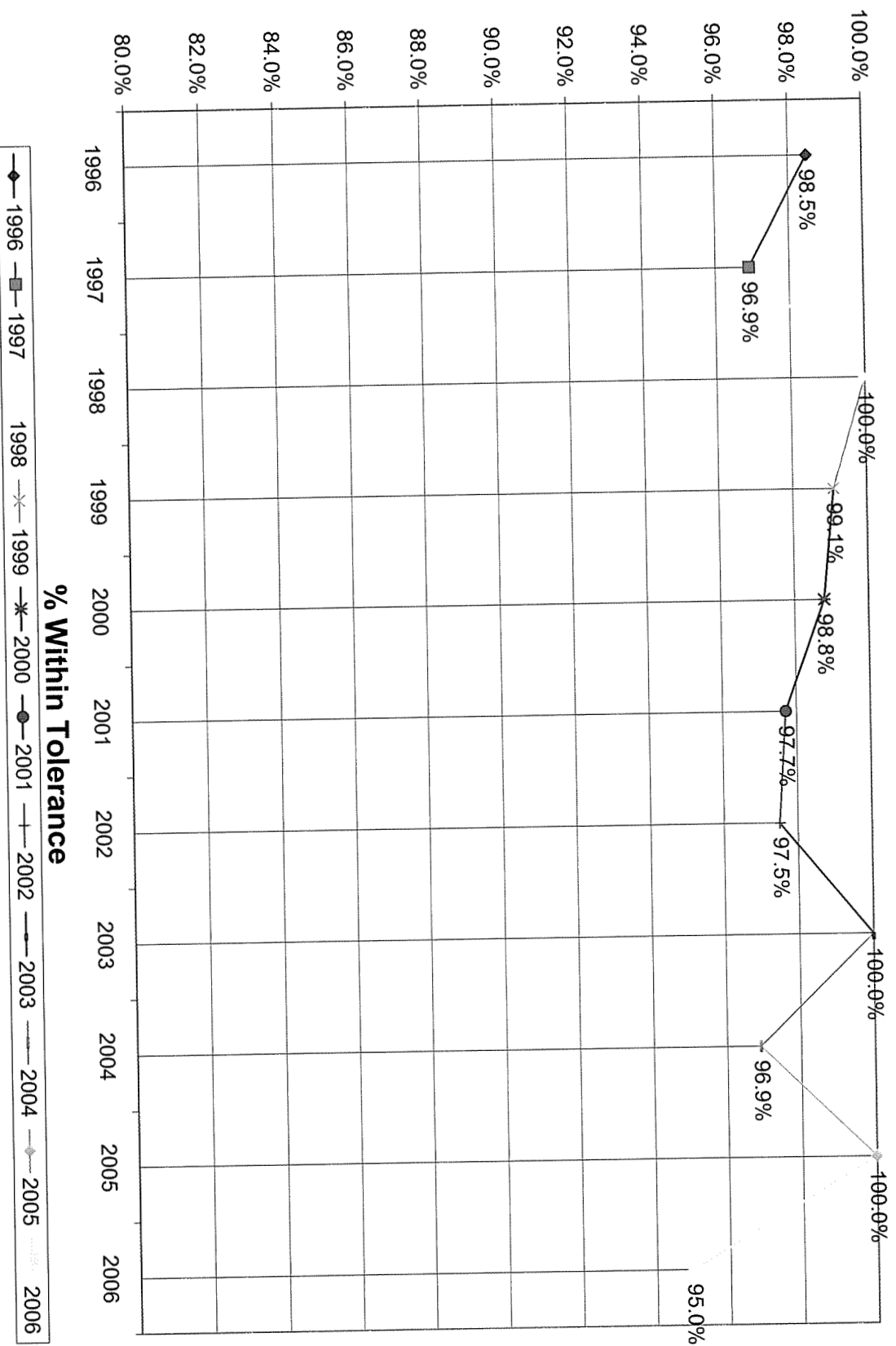
NR002

Columbia Gas
of Kentucky

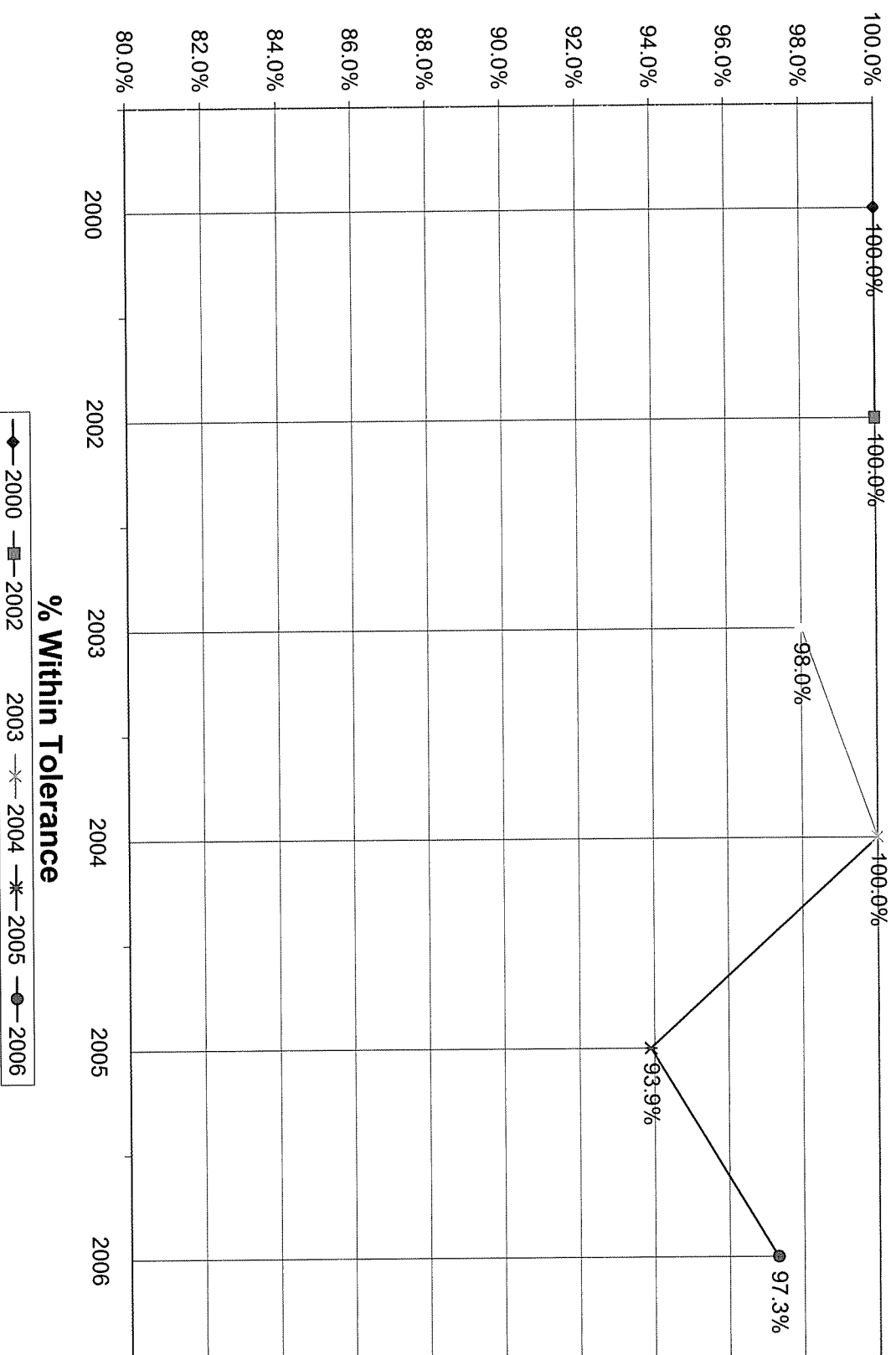


NSP01

Columbia Gas
of Kentucky

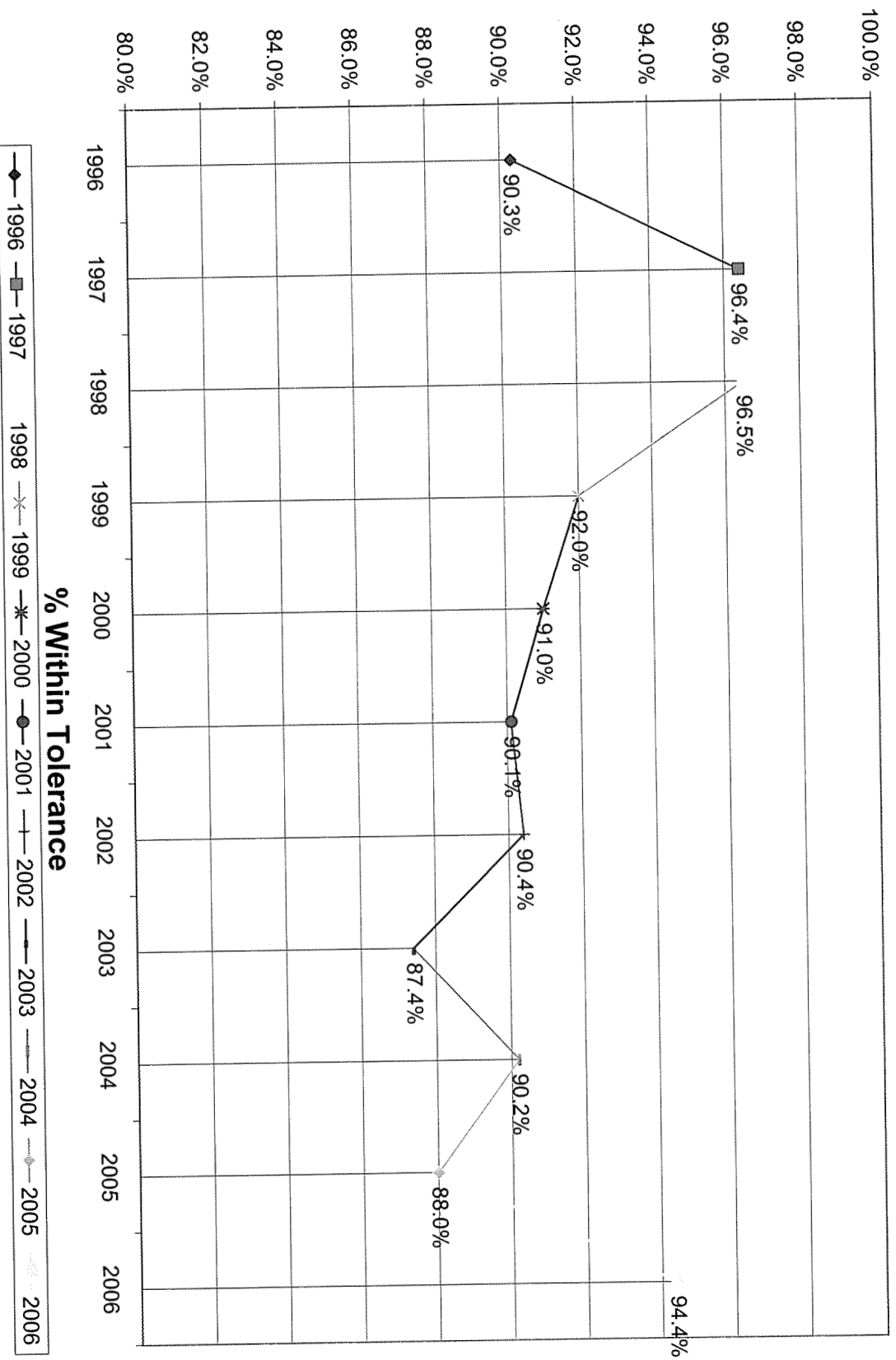


NSP02



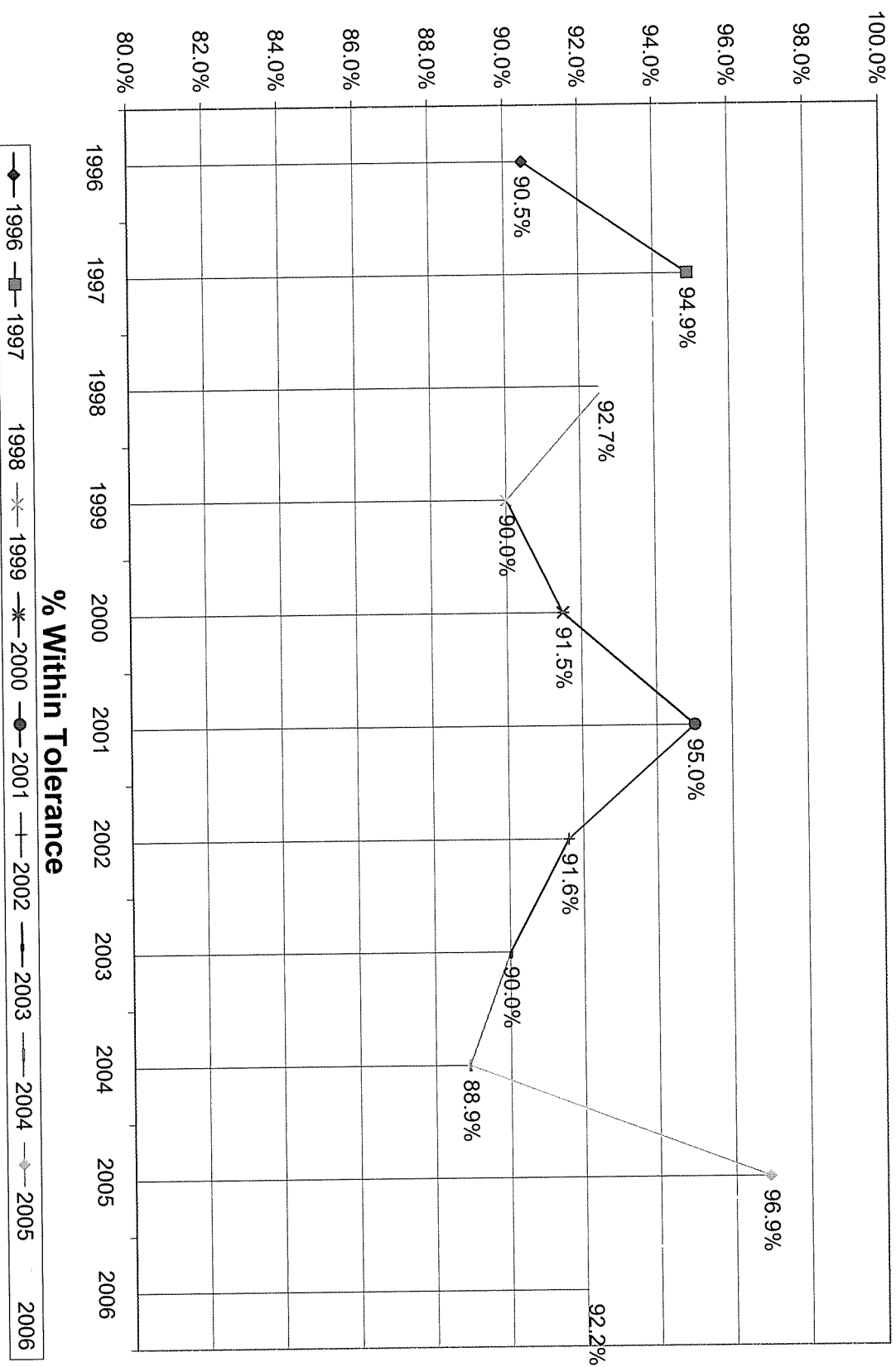
RAM01

Columbia Gas
of Kentucky



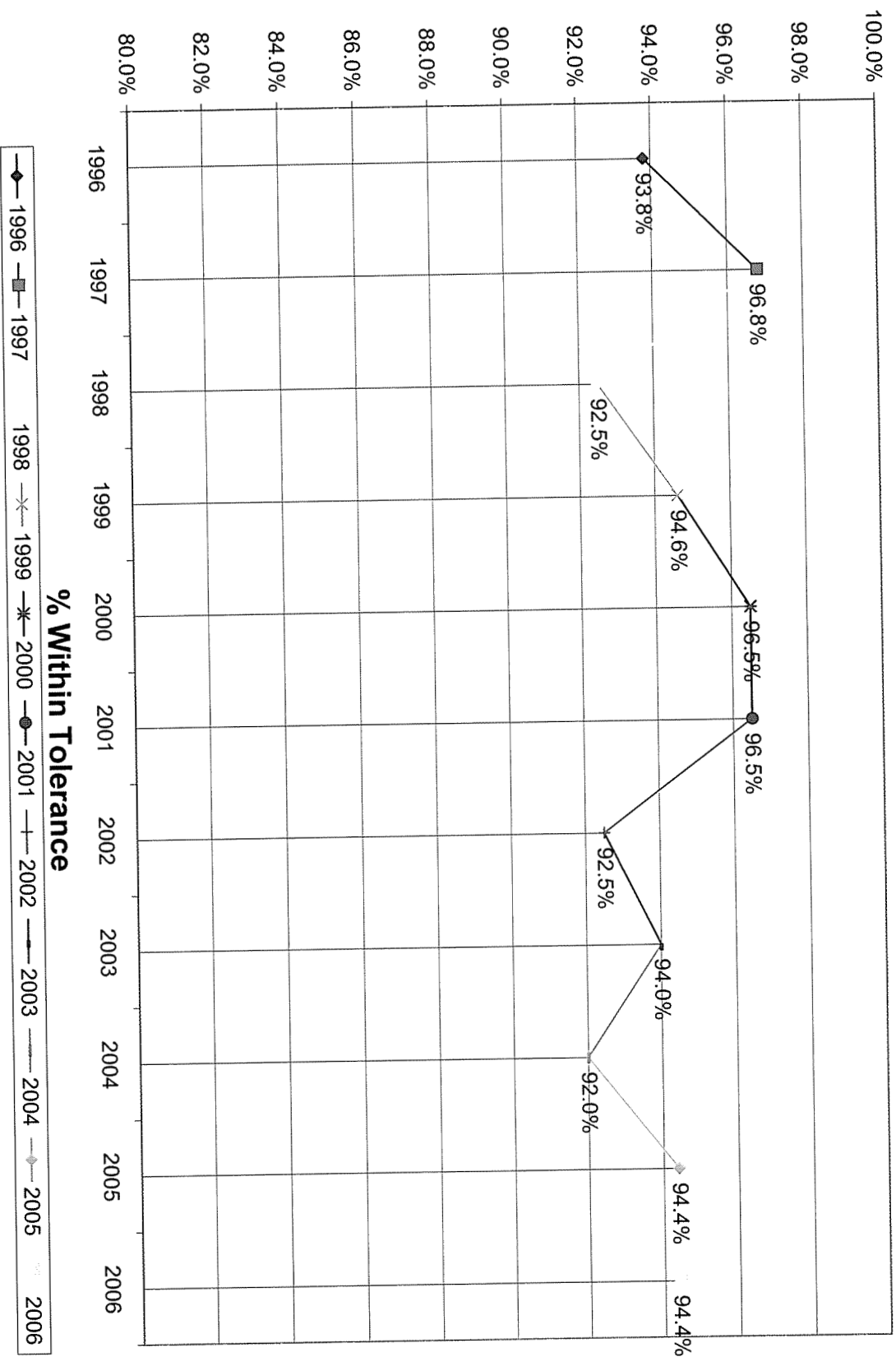
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Columbia Gas
of Kentucky



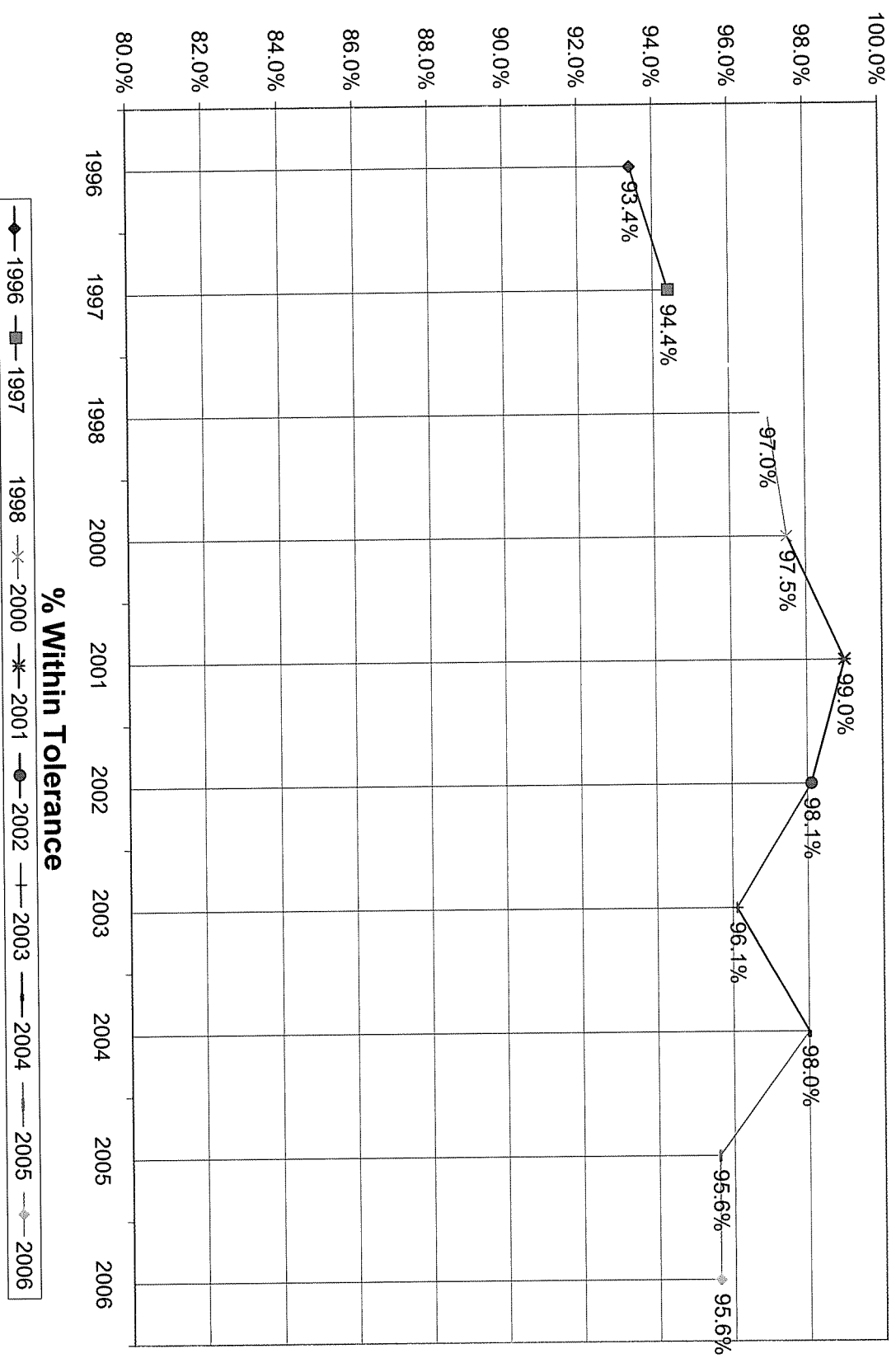
RAM03

Columbia Gas
of Kentucky



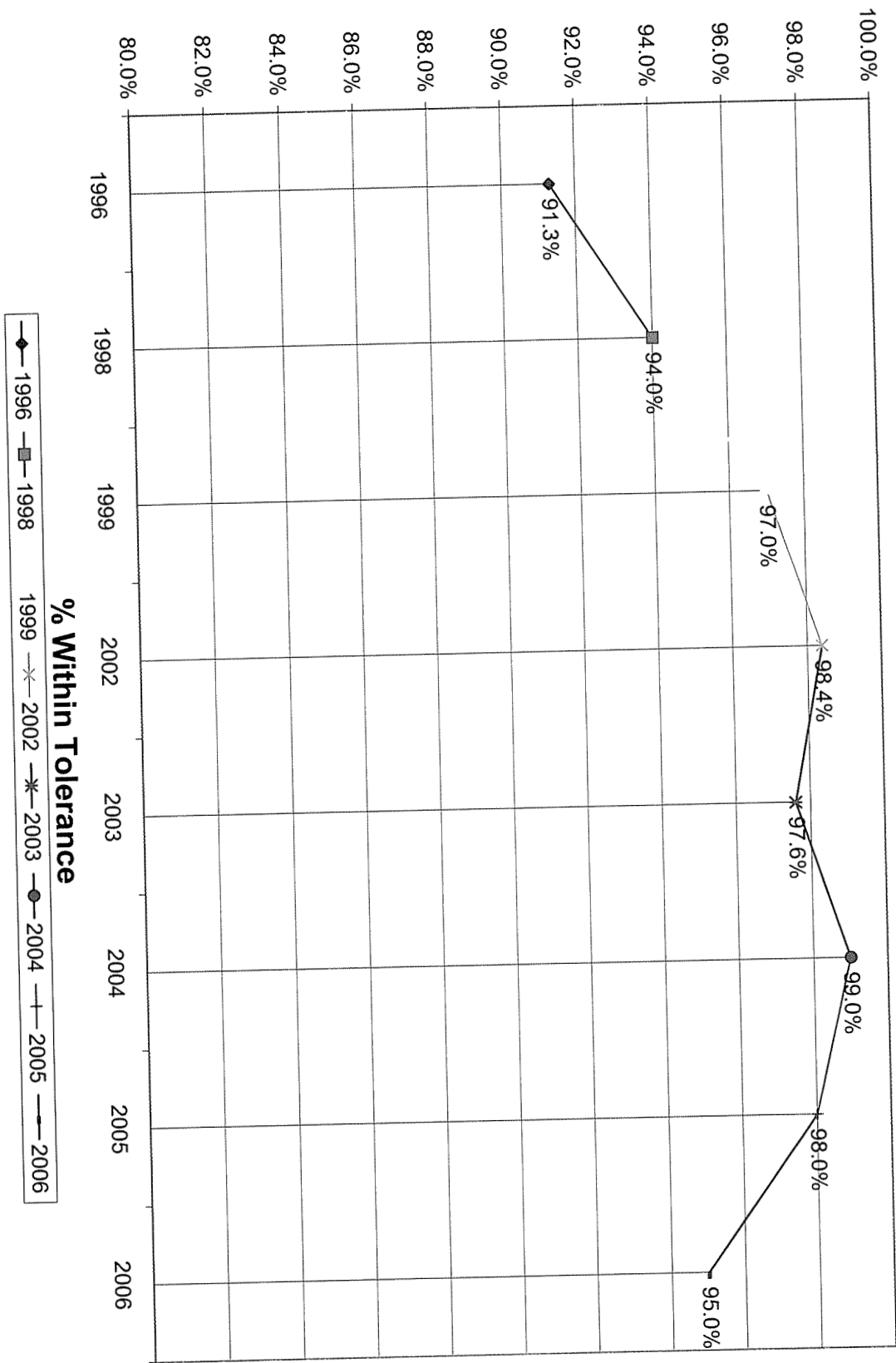
RAM04

Columbia Gas
of Kentucky



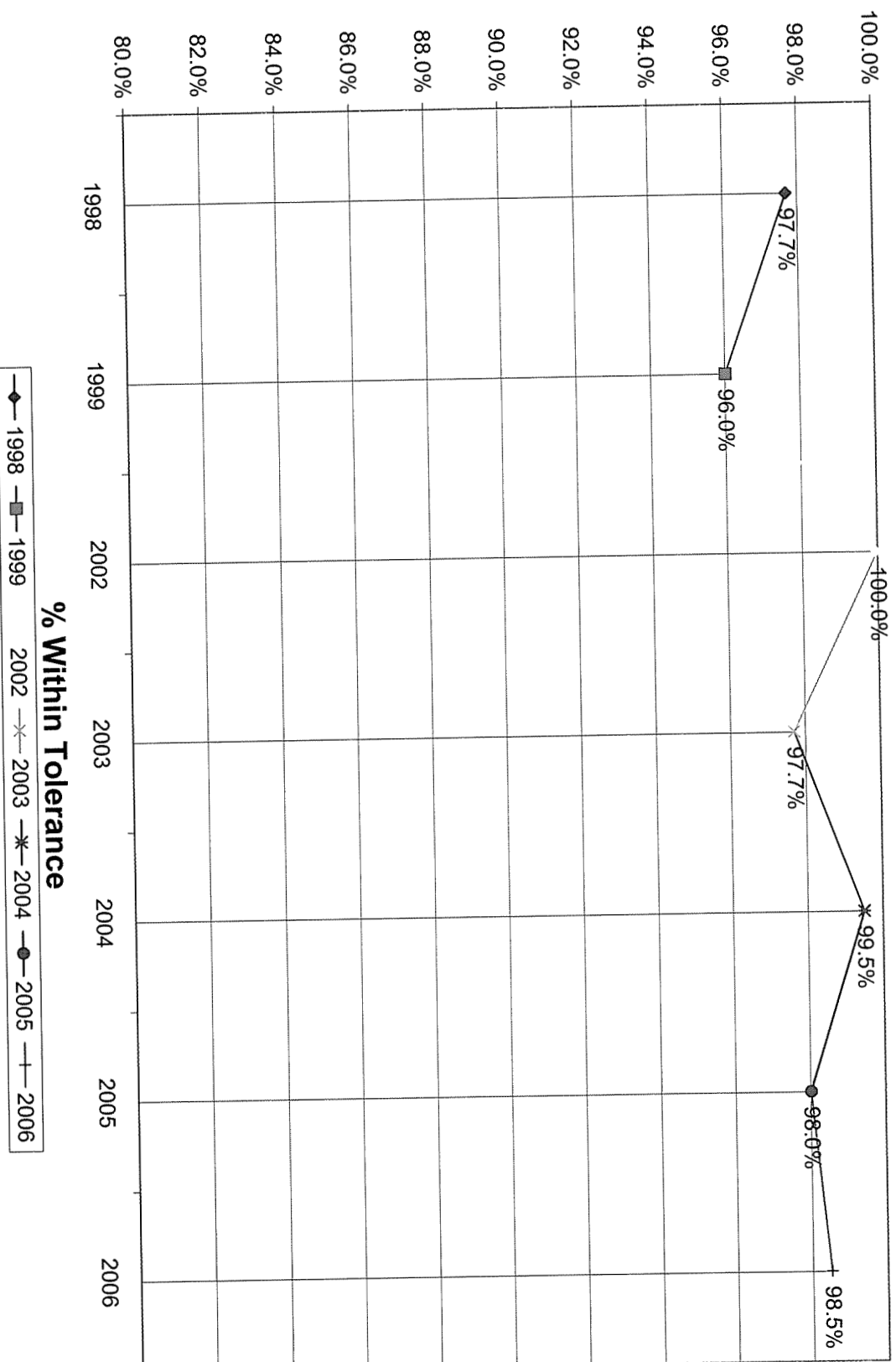
RAM05

Columbia Gas
of Kentucky



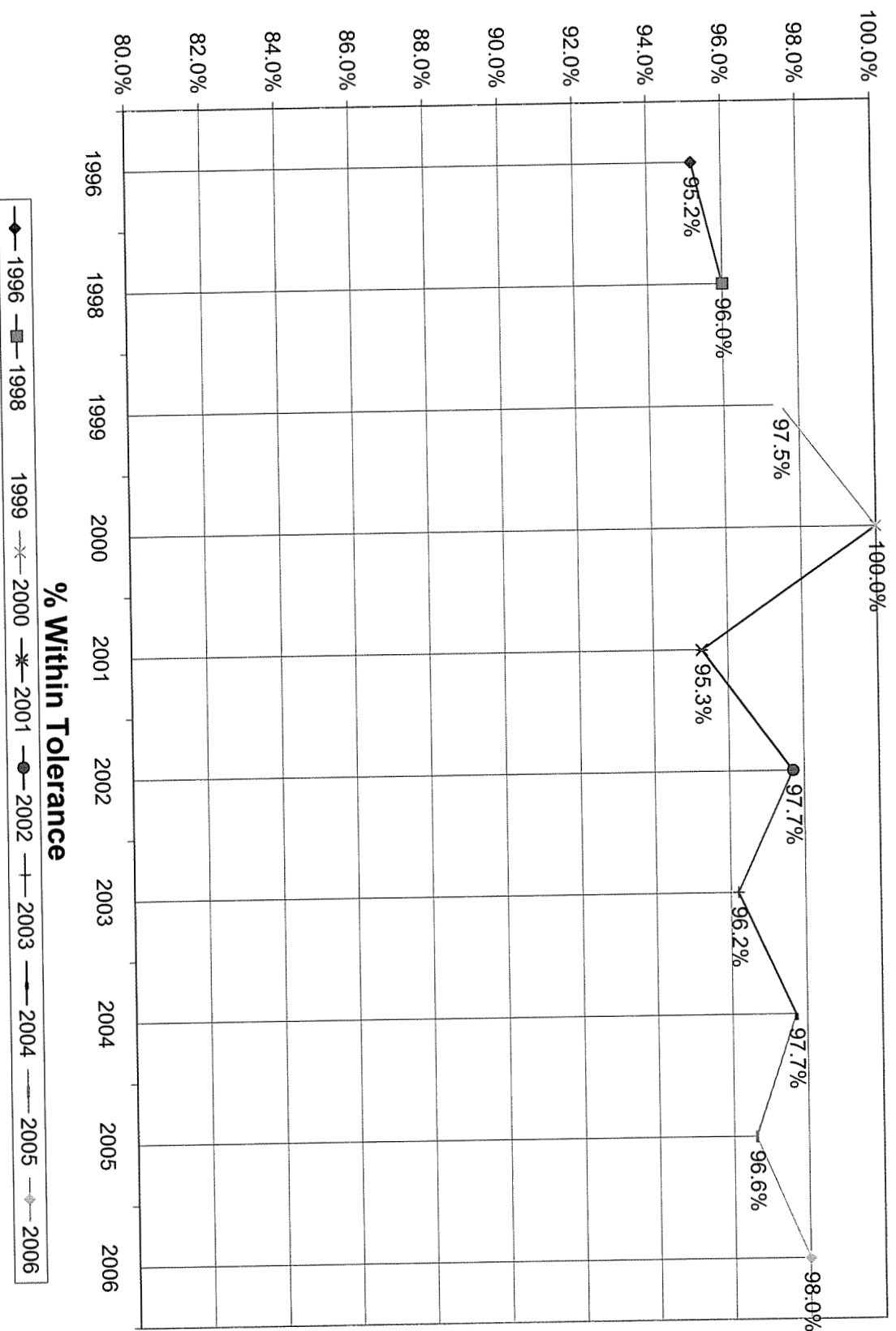
RAM06

Columbia Gas
of Kentucky



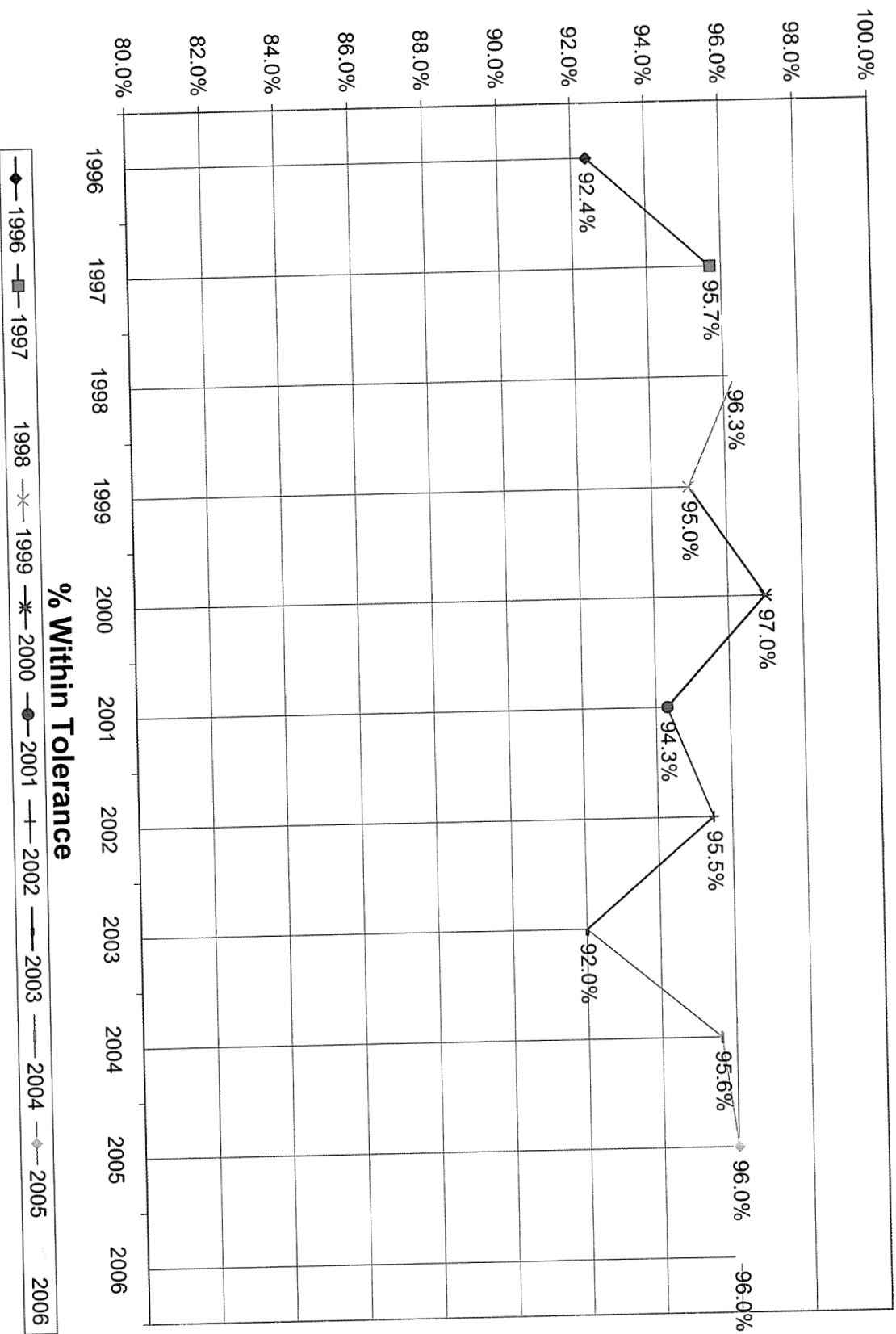
RLA03

Columbia Gas
of Kentucky



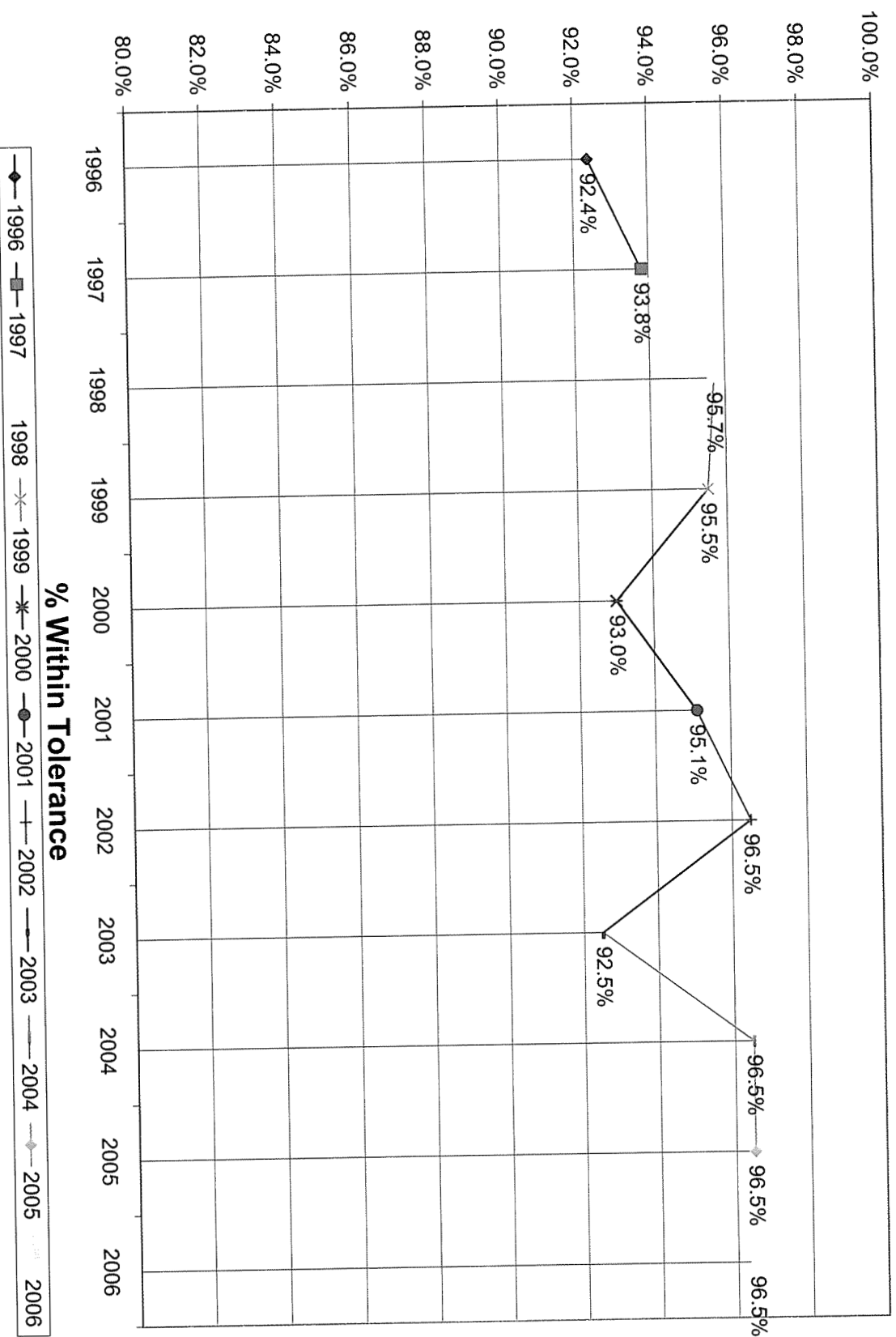
RR001

Columbia Gas
of Kentucky



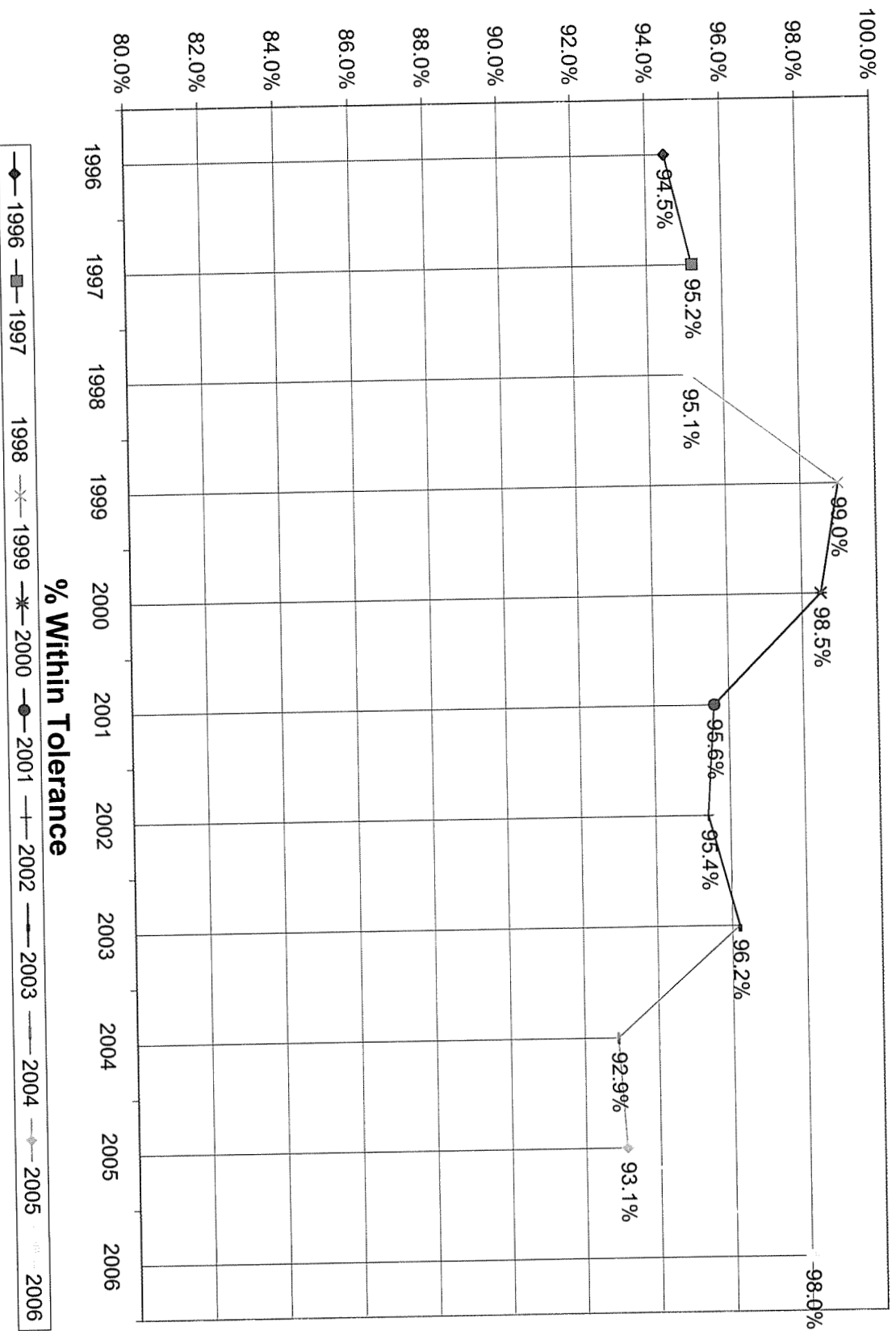
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Columbia Gas
of Kentucky



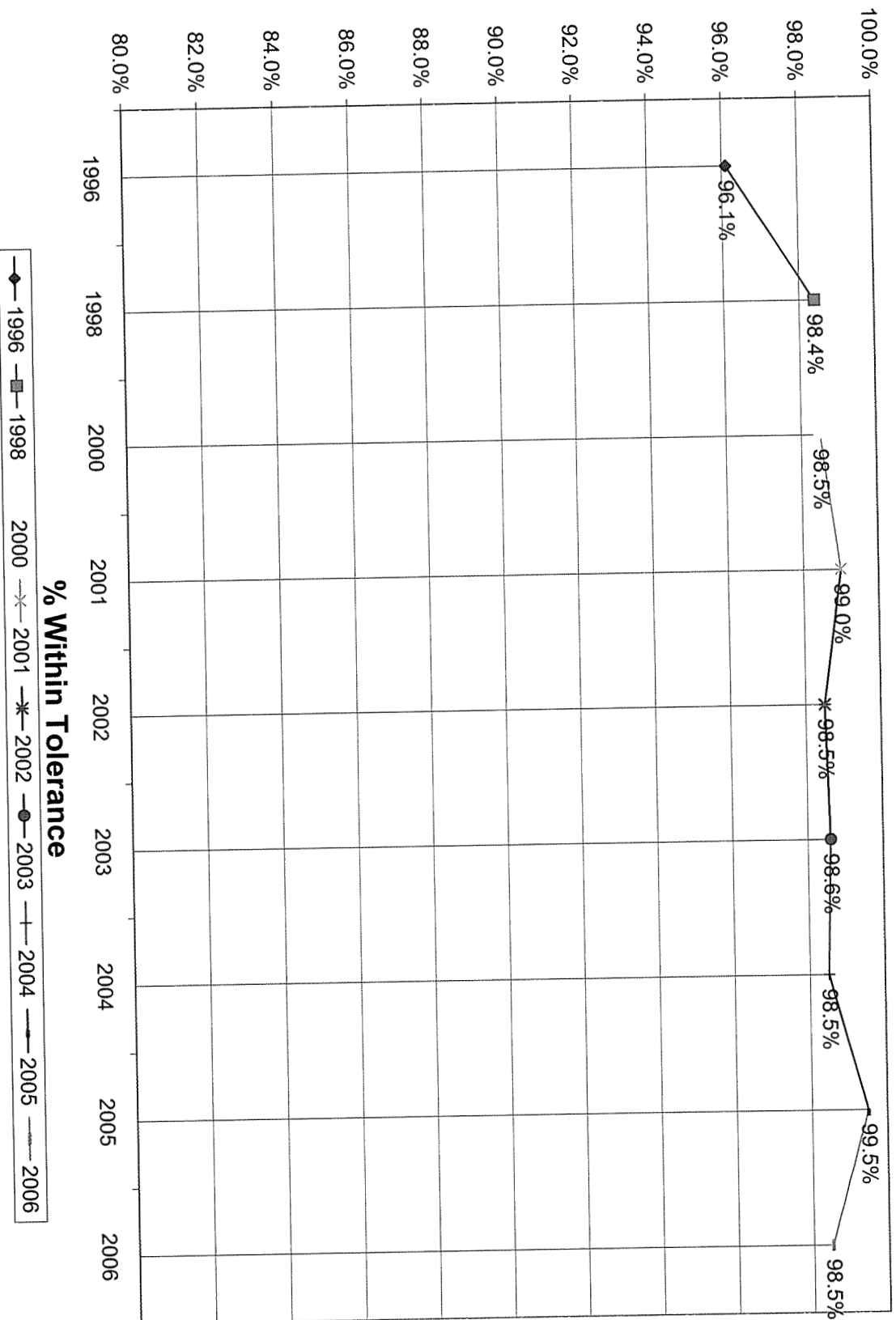
RR003

Columbia Gas
of Kentucky



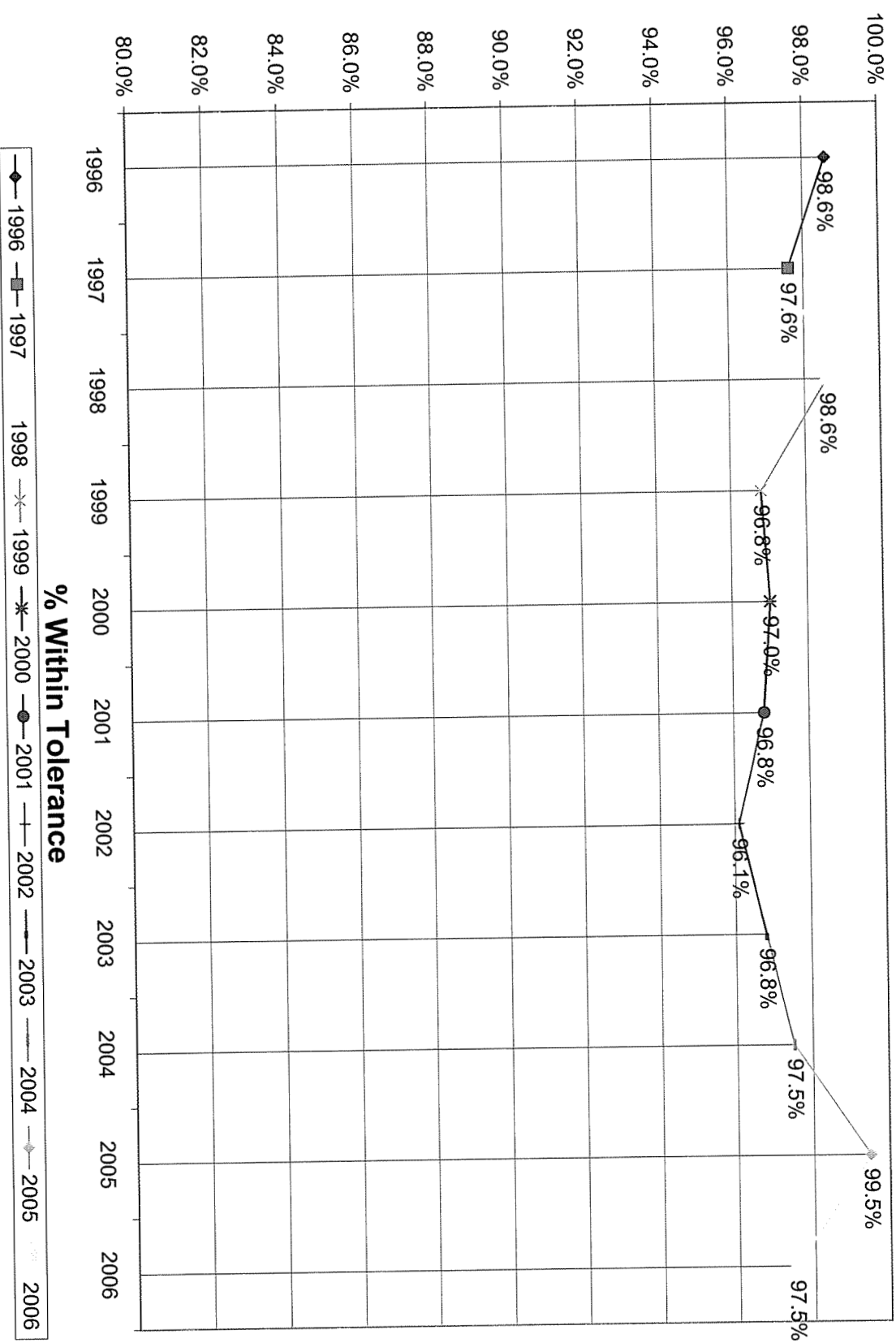
RR004

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RSP01

Columbia Gas[®]
of Kentucky



RSP02

Columbia Gas[®]
of Kentucky

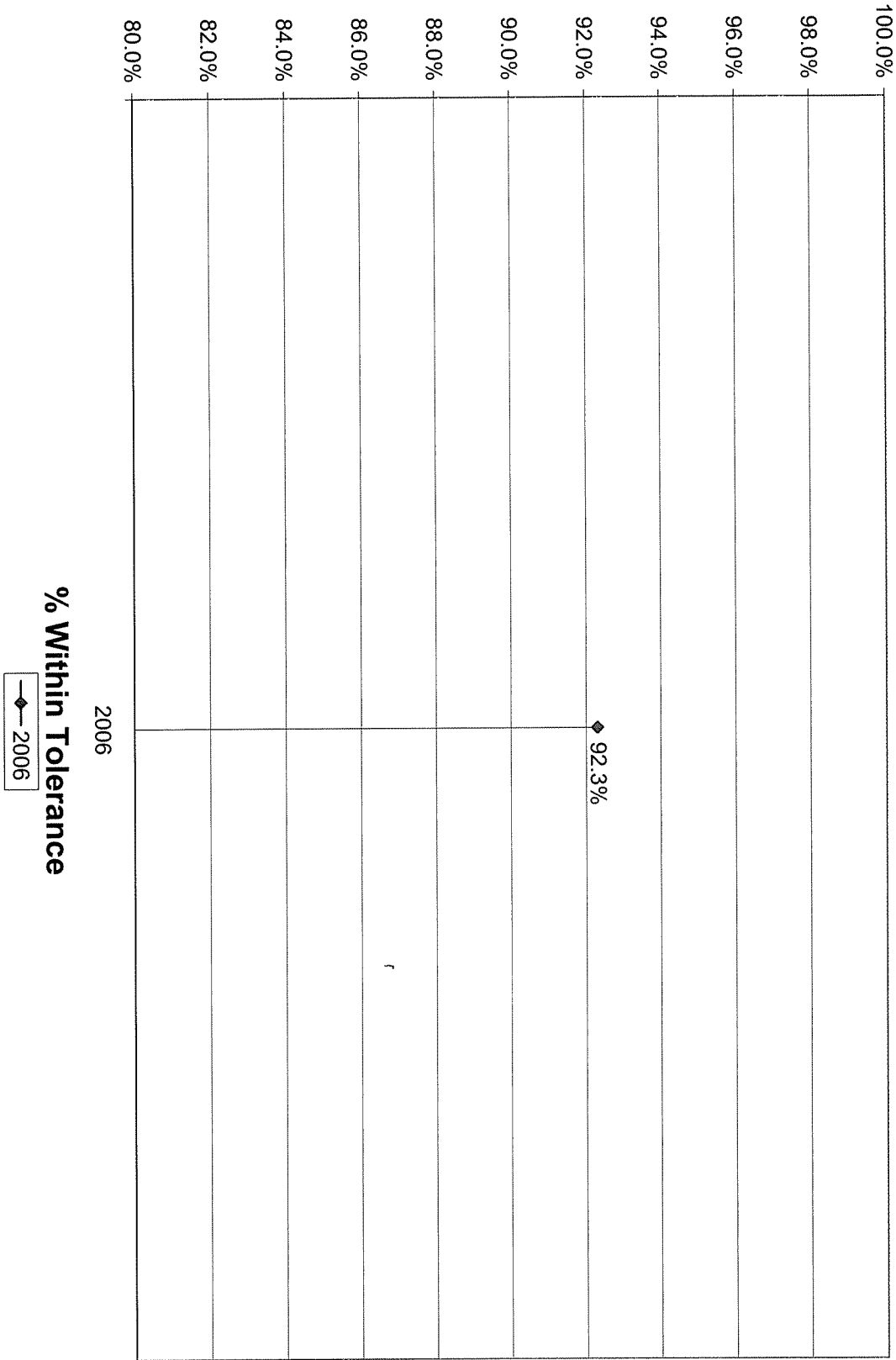


EXHIBIT E

HISTORY OF LARGE VOLUME METERS
BY FAMILY

Exhibit E represents the percentage of Large Volume meters sampled in 2005 that were within the +/- 2% rate. We also show the past years results of meter families sampled this year.

BRAM01 = Repaired American meters installed between 1993 & 2004

BRRO01 = Repaired Rockwell meters installed between 1993 & 2004

BRSP01 = Repaired Sprague meters installed between 1993 & 2004

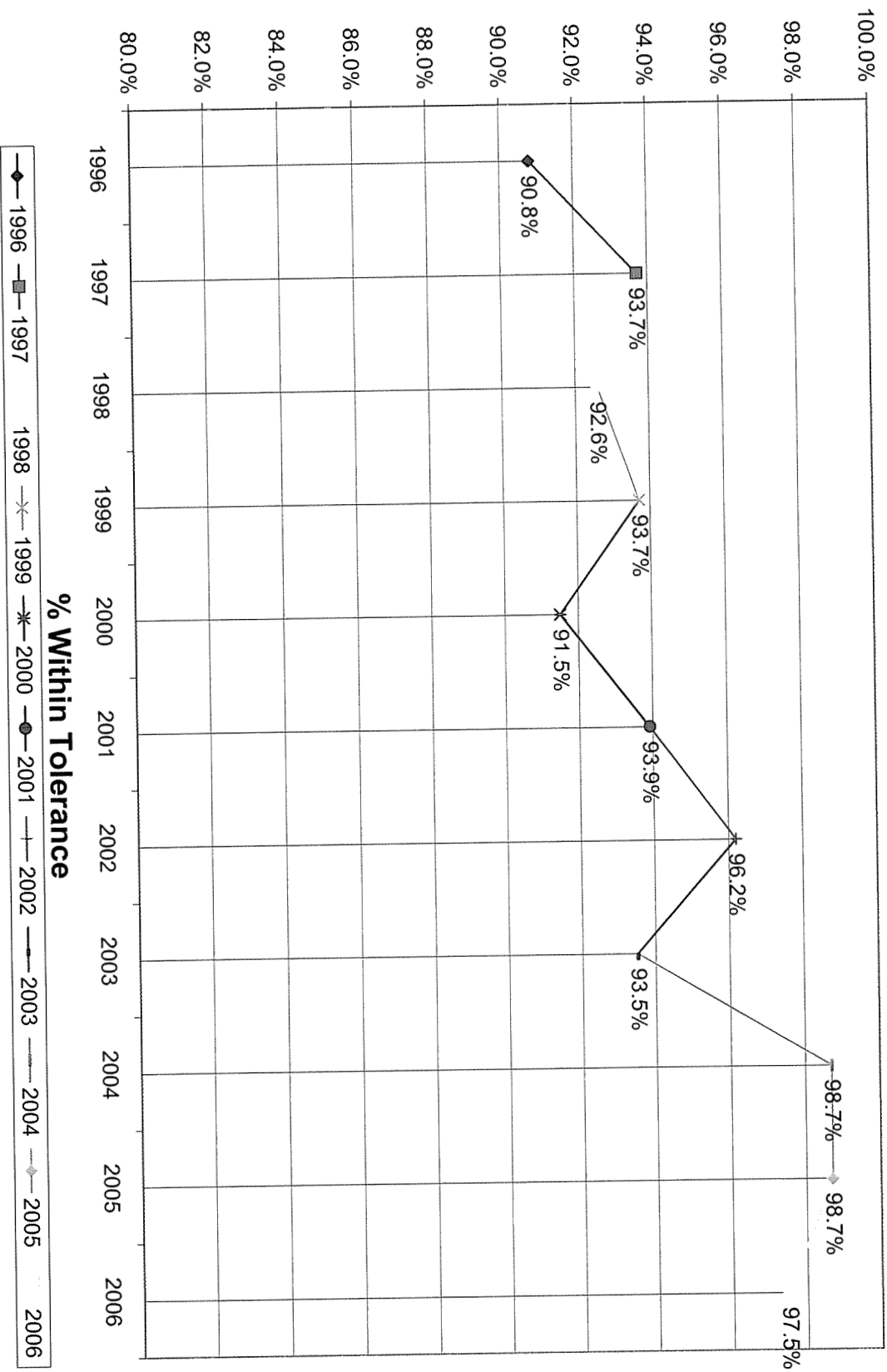
BNAM01 = New American meters purchased between 1993 & 2004

BNRO01 = New Rockwell meters purchased in 1997 & 2004

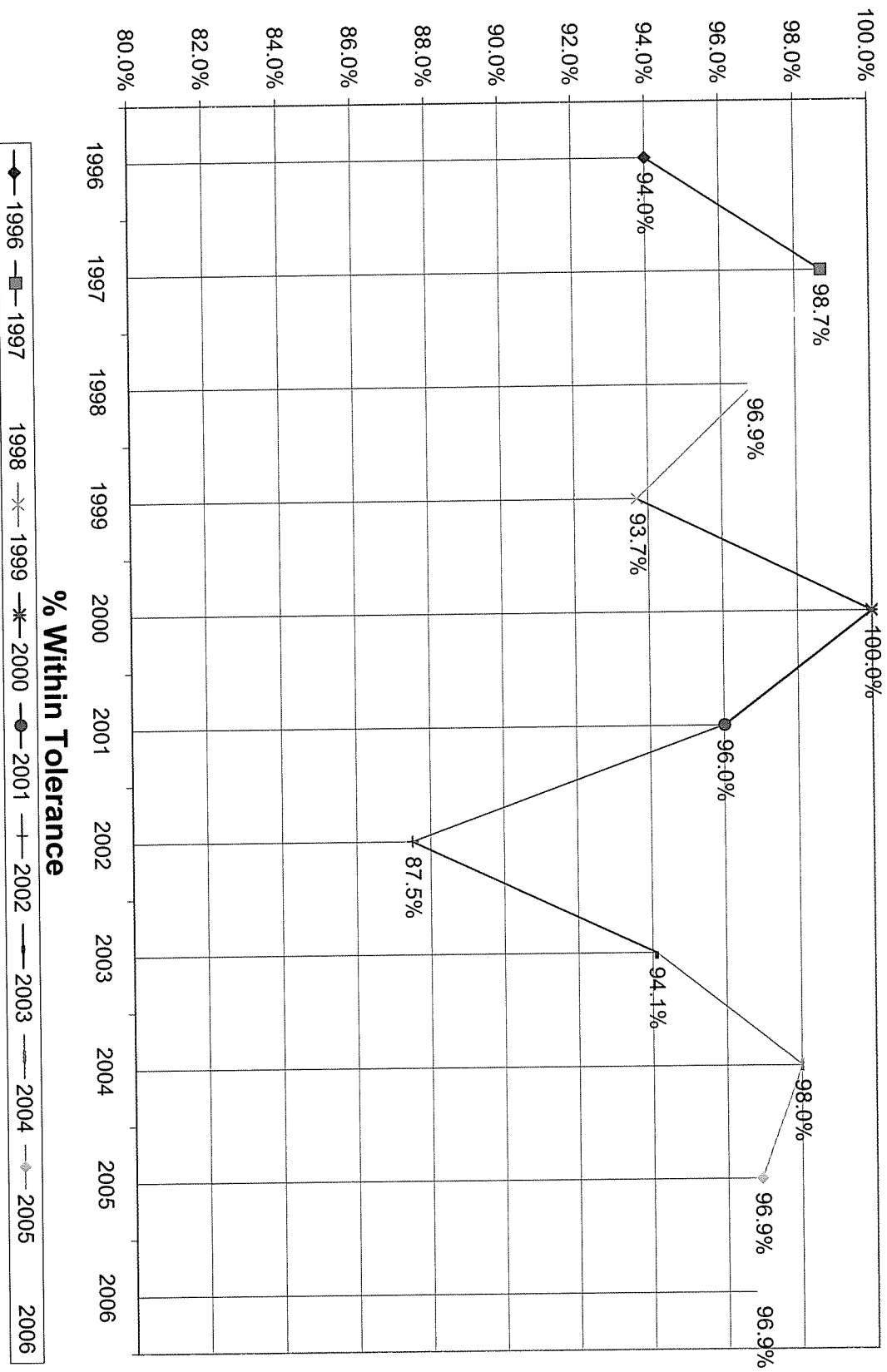
BNSP01 = New Sprague meters purchased in 1997 & 1999

BRAM01

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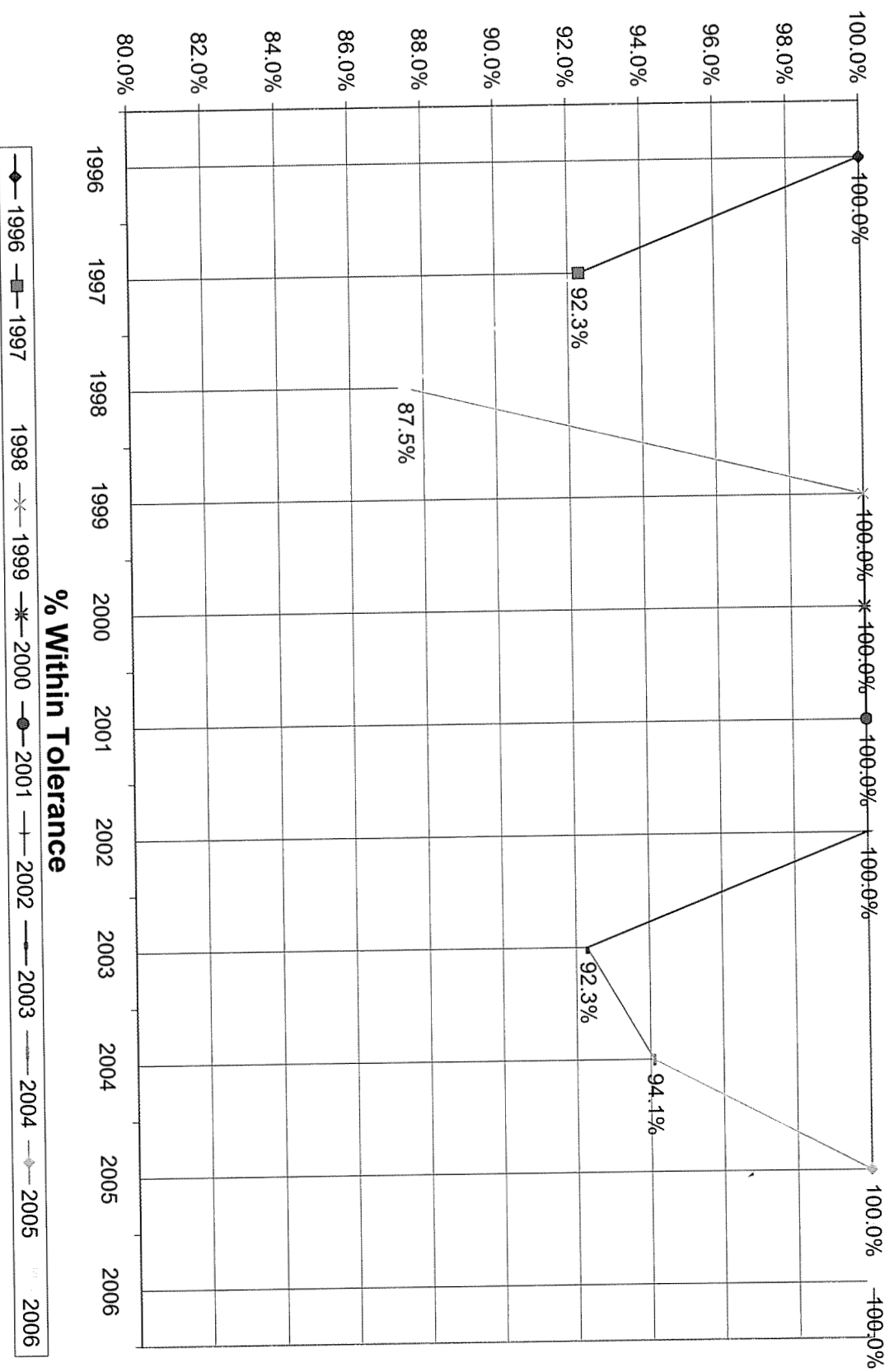


BRRO01



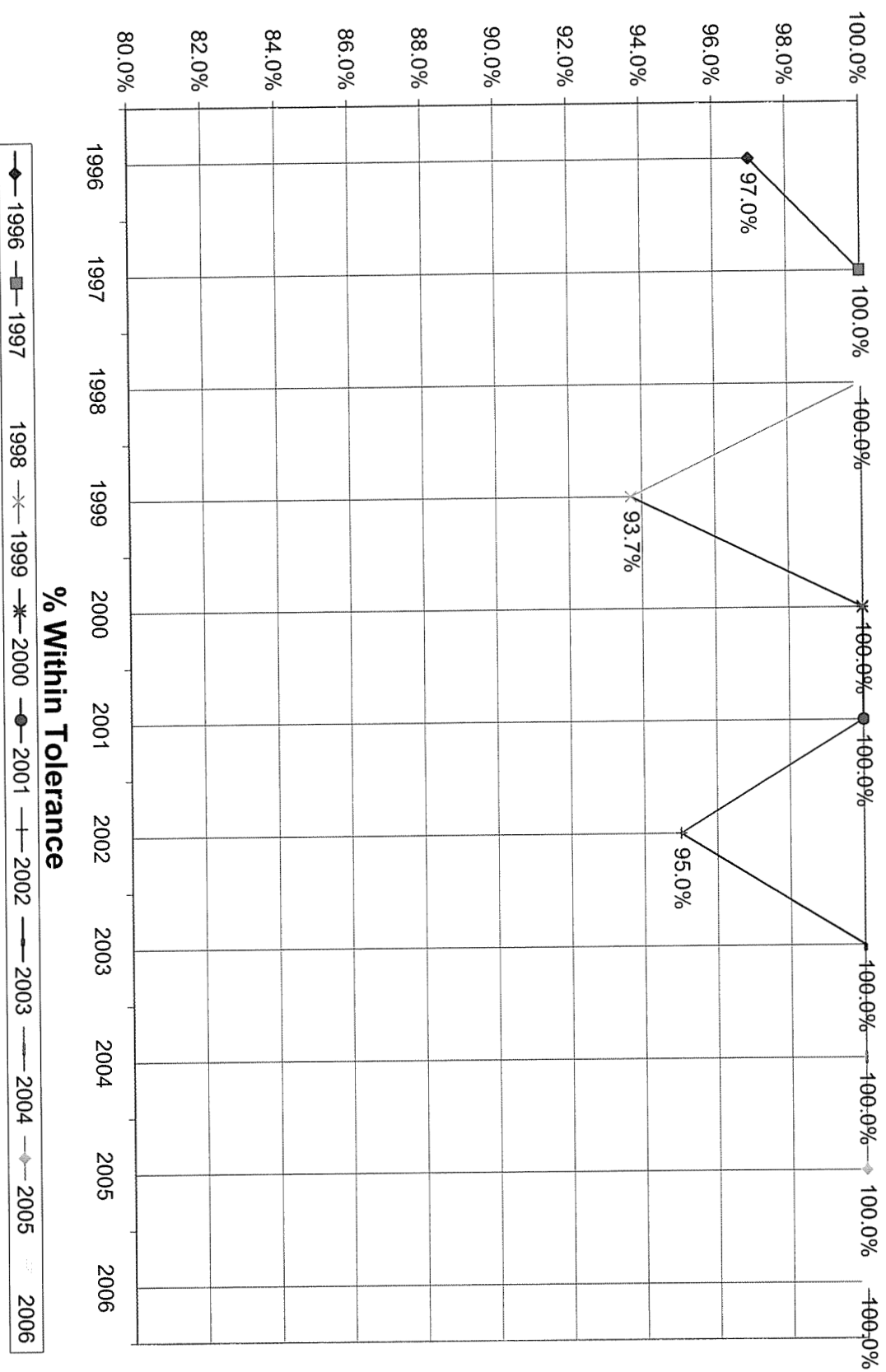
BRSP01

Columbia Gas
of Kentucky



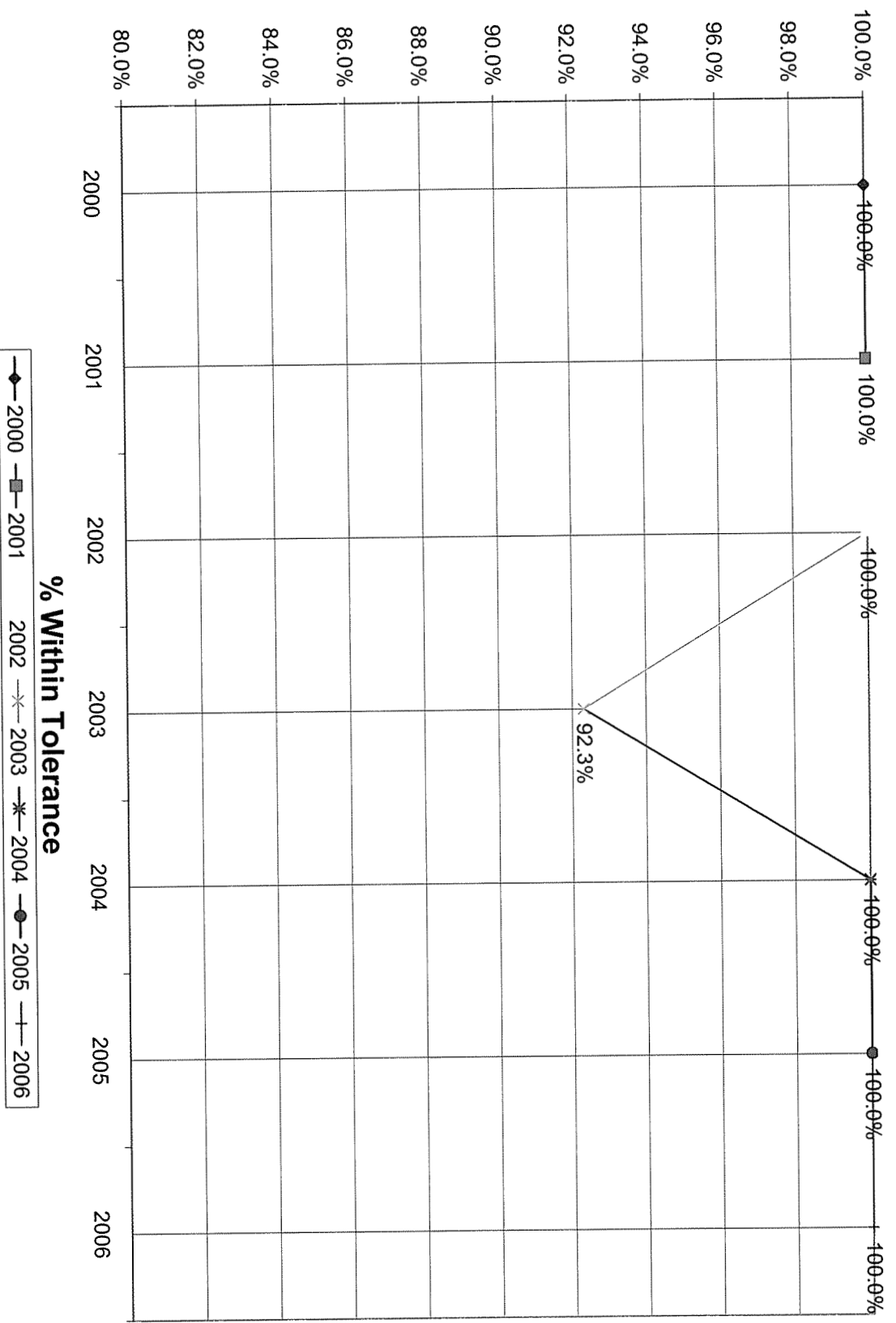
BNAM01

Columbia Gas[®]
of Kentucky



BNR001

Columbia Gas[®]
of Kentucky



BNSP01

Columbia Gas[®]
of Kentucky

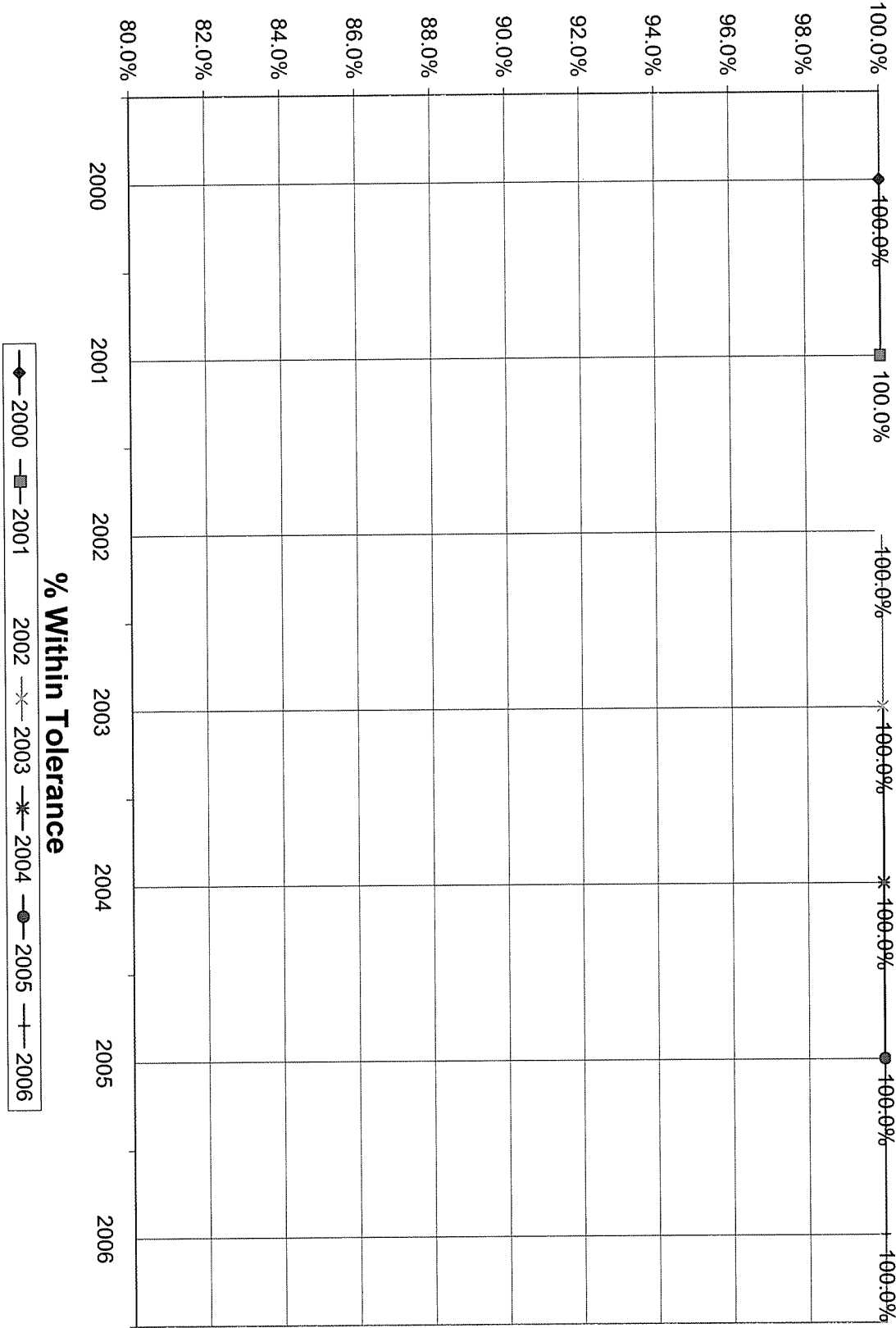


EXHIBIT F

COST SAVINGS

The 2006 sampling program resulted in changing 5,229 fewer meters than would have been changed under the 14-year plan Columbia Gas of Kentucky was following prior to meter sampling and changing 9,292 fewer meters than would have been required under a 10-year change-out program.

This represents yearly savings of \$392,175 compared to a 14-year plan

This represents yearly savings of \$696,900 compared to a 10-year plan

EXHIBIT G

TEST RESULTS OF NEW METERS

Columbia Gas of Kentucky purchased 3990 new meters in 2006. The factory test sheets for the new meters purchased in 2006 are on file in the Lexington office.

No problems were found in the new 2006 purchases.